

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
FEBRUARY 24, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: Humphreys County Nursing Home

PROJECT NUMBER: CN1511-049

ADDRESS: Unaddressed site on the east side of Fort Hill Road
approximately 500 yards north of Hillwood Drive
Waverly (Humphreys County), Tennessee 37185

LEGAL OWNER: Humphreys County Nursing Home
670 Hwy. 13 South
Waverly (Humphreys County), Tennessee 37185

OPERATING ENTITY: Key Management Associates, LLC
711 Shenandoah Drive
Brentwood (Williamson County), Tennessee 37027

CONTACT PERSON: Sam W. Sullivan, Administrator
(931) 296-2532

DATE FILED: November 10, 2015

PROJECT COST: \$14,875,239

FINANCING: Combination of a HUD Loan, Commercial Bank Loan,
and Interest Free Supplemental Loan

REASON FOR FILING: The relocation of a 66 bed Medicare/Medicaid
certified skilled nursing facility and the addition of 25
Medicare/Medicaid certified beds. *The 25 additional
nursing home beds are subject to the 125 bed Nursing
Home Bed Pool for the July 2015 to June 2016 state
fiscal year period.*

DESCRIPTION:

Humphreys County Nursing Home (HCNH) is seeking approval to relocate a 66 bed Medicare/Medicaid certified skilled nursing facility from 670 Hwy.13 Waverly (Humphreys County) approximately 1-2 miles north to an unaddressed site on Fort Hill Road, Waverly (Humphreys County). HCNH is also requesting 25 additional Medicare/Medicaid certified beds that if approved would increase the licensed bed complement of the nursing home to 91 beds. The proposed relocated nursing home will be constructed on a relatively flat 15.4 acre site in a 59,000 square foot (SF) facility with 70 private rooms (70 beds), and 10 semi-private rooms (20 beds) for a total of 91 beds.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:**NURSING HOME SERVICES****Standards and Criteria****1. Determination of Need.**

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Need = .0005 x population 65 and under, plus
 .012 x population 65-74, plus
 .060 x population 75-84, plus
 .150 x population 85 +

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

According to the Department of Health Report, the net nursing home bed need for Humphreys County in 2018 will be 16 beds.

Since the applicant is requesting 25 additional beds, it appears that this criterion has been partially met.

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3. **Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Currently 89% of the nursing home residents are Humphreys County residents. The majority of Humphreys County residents are within 30 minute travel time of the site of the proposed project.

It appears that this criterion has been met.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

There are two nursing homes in Humphreys County. The applicant, Humphreys County Nursing Home, operated at 98.4% occupancy in 2014; however, Waverly Health Care and Rehabilitation Center, a 100 bed Medicare/Medicaid certified nursing home, operated at 65.9% occupancy.

It appears that this criterion has not been met.

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a

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given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CONs for nursing home beds in the service area, Humphreys County.

It appears that this criterion has been met.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The analysis above is based on data provided in the Department of Health Report for this application.

It appears that this criterion has been met.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant facility is a 66 bed nursing home looking to relocate and add 25 nursing home beds for a total of 91 licensed beds.

It appears that this criterion has been met.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service

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Area.

c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

The applicant has cited difficulties with modernizing at the current site to include the building being 50 years old and not having the space available to expand. The relocated facility will only be 1-2 miles from the current site. The proposed project does include the addition of 25 nursing home beds.

Since the applicant is requesting 25 additional beds, it appears that this criterion has been partially met.

9. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The applicant currently has 53.6 FTE clinical staff and is projecting to increase that staffing by 10.9 FTE. The applicant has operated in the state for many years and has always been successful in attracting and retaining adequate professional and support staff. The applicant does not anticipate any problems in recruiting additional staff.

It appears that this criterion has been met.

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10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The community has a monthly health council meeting with all healthcare providers including the applicant, State Health Department, County Education Department, hospital, EMS, other nursing homes, homecare, hospice, and physicians.

It appears that this criterion has been met.

11. **Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The applicant serves all populations in the service area. The applicant plans to provide additional services such as respite care, adult day care, and assistance with meals.

It appears that this criterion has been met.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in

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particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant has a Quality Assurance Performance Improvement (QAPI) plan that consists of 6 key elements.

It appears that this criterion has been met.

- 13. Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant provides TDH and HSDA all requested data related to the operation of the nursing home.

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant has historically operated above 90% occupancy and projects to remain above that occupancy after project completion.

It appears that this criterion has been met.

- b. There should be no additional nursing home beds approved for a

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Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

The applicant operated at 98.4% occupancy in 2014. The one other nursing home in Humphreys County, Waverly Health Care and Rehabilitation Center, operated at an occupancy of 65.9% in 2014.

Both nursing homes had deficiencies noted in their most recent recertification/licensure surveys; however their plans of correction were accepted and both facilities are currently in compliance.

According to the Medicare 5 Star Program Waverly Health Care and Rehabilitation had an above average overall rating, average rating for health inspection, above average rating for staffing, and a below average rating for quality measures. The applicant, Humphrey County Nursing Home had a much above average overall rating, a much above rating for health inspection, an above average rating for staffing, and a much above average rating for quality measures.

It appears that this criterion has not been met.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

The applicant operated at 98.4% occupancy in 2014.

It appears that this criterion has been met.

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**CONSTRUCTION, RENOVATION, EXPANSION, AND REPACEMENT OF
HEALTH CARE INSTITUTIONS**

- 1. Any project that included the addition of Beds, Services, or Medical Equipment will be reviewed under the standards for those specific activities**

See Nursing Home Criteria Review above.

- 2. For relocation or replacement of an existing licensed health care institution:**
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

Any type of renovation is cost prohibitive due to the age of the building and the cost of bringing the building up to current codes.

It appears this criterion has been met.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

The applicant facility has historically operated above 90% occupancy and projects to maintain this level of occupancy after project completion

It appears this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Humphreys County Nursing Home is a 66-bed Medicare/Medicaid certified nursing home in Waverly (Humphreys County). The applicant proposes to relocate the nursing home approximately 1-2 miles north of the current facility in a newly constructed 59,000 square foot (SF) facility. The proposal also includes a request for 25 additional Medicare/Medicaid certified skilled beds which would increase the nursing home's licensed bed complement to 91.

There are multiple limitations in the current 50 year old building due to its comparative small size of 16,250 square feet. Additionally due to the size of the current site there is not enough room for the 25 bed expansion. Any type of renovation to the current building is cost prohibitive due to the age of the building and cost of bringing the building up to current codes.

The target date for completion of the project is September 2018, subject to licensure approval by the Tennessee Department of Health. The typical validity period of a nursing home certificate of need is 2 years; however the applicant is requesting a 3 year validity period.

125 bed Nursing Home Bed Pool

- The applicant is requesting 25 new beds which will come from the Nursing Home 125 bed pool for the July 2015 to June 2016 state fiscal year period.
- There are currently 125 nursing home beds available in the July 2015 to June 2016 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Ownership

- Humphreys County Nursing Home is owned by Humphreys County and directed by appointed Board members approved by the County Commission. The Board operates the nursing home through a management contract with Key Management Associates, LLC.

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Facility Information

The following chart will display several variables that will compare the major aspects of the proposed project to the current status at the existing Nursing Home:

Variable	Existing Facility	Proposed Facility
Square Footage	16,250SF plus 1,750SF in detached storage building	59,000SF
Facility square feet/bed	273SF	648SF
Square feet/bedroom	103	275 Private 345 Semi-Private
Size of Site	5.4 Acres	15.4 acres
Date Facility Constructed	1966	2018
Licensed Beds	66	91
Private/Semi-Private Beds	2/64	71/20
Rehabilitation Services	191SF	1,189SF
Private Toilet/Showers	None	All Rooms

In addition to the items listed in the chart above the applicant also points out the following:

- In addition to the private toilet/shower facilities, the proposed facility will have more space for private family visits, areas with natural light, fireplaces in strategic locations, group dining spaces with access to a small kitchen area, larger therapy and activities spaces, internal courtyard, library, beauty shop, and massage area.
- The new facility will consist of four 15-bed units, one 16-bed unit, and one 15-bed memory care unit.
- Due to the small size of the current facility, the patient rooms have no space for personal items, little space for activities and therapies, and limited administrative offices and storage space.
- The current facility has a sewer system that frequently has stoppage problems and is in need of extensive repair.
- Parking is limited and the entrance street is shared with a mobile home park and a hospital.

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Project Need

- The applicant is requesting 25 additional nursing home beds. The current bed need formula identifies a net need in Humphreys County in CY2018 of 15 nursing home beds based on a gross need of 181 nursing home beds compared to a current supply of 166 licensed nursing home beds.
- During 2015, 88 potential residents for admission were turned away. There are currently 16 residents on the waiting list.
- In 2014 the applicant facility operated at 98.4% occupancy. The one other nursing home in Humphreys County, Waverly Health Care and Rehabilitation Center operated at 65.9% occupancy.

Service Area Demographics

The applicant's declared service area is Humphreys County. An overview of the service area is provided as follows:

- The total population of Humphreys County is estimated at 18,987 residents in calendar year (CY) 2016 increasing by approximately 0.5% to 19,090 residents in CY 2018.
- The overall statewide population is projected to grow by 2.2% from 2016 to 2018.
- The 65 and older population is expected to comprise approximately 21.5% of the total county population in CY2018 compared to 16.9% statewide.
- The 65 and older population of Humphreys County will increase by approximately 5.8% from CY2016 to CY2018 compared to a statewide increase of 7.7% during the period.
- The proportion of TennCare enrollees of the total county population is estimated to be 22.9%, compared with the state-wide average of 22.0%.

Historical Utilization

The inventory and utilization of nursing homes in Humphreys County is summarized in the following tables.

Humphreys County Nursing Home Utilization-2014

Name	Lic. Beds	Beds-MCARE only-certified	Beds-Dually Certified	Beds Level 1 certified MCAID	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	Non-skilled Medicaid ADC	Non-skilled ADC	Total ADC
Humphreys County Nursing Home	66	0	66	0	6.0	1.0	0.2	48.1	57.7	64.9
Waverly Healthcare and Rehabilitation Center	100	0	100	0	11.7	0	0.1	49.4	54.2	65.9
Total	166	0	166	0	17.7	1.0	0.3	07.5	111.9	130.8

Source: Nursing Home JAR, 2014 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

The historical utilization table reflects the following:

- 100% of licensed beds in Humphreys County are dually (Medicare/Medicaid) certified beds.
- Average daily occupancy (ADC) was 130.8 or 78.8% of all licensed beds in CY2014.
- Non-skilled patients accounted for the highest utilization at 85.6% of total ADC in CY2014.
- Medicare Skilled ADC was 17.7 patients per day or 13.5 % of total ADC.
- Medicaid Skilled ADC was 1.0 patient per day or 0.8% of total ADC.
- Other Payor Skilled ADC was 0.3 patients per day or 0.2% of total ADC.

Note to Agency members: Three Rivers Hospital in Waverly (Humphreys County) is a 25 bed critical access hospital and all 25 beds are designated as swing beds. In the 2014 Hospital JAR, Three Rivers reported 1,391 skilled patient days. Medicare "swing bed" designation is available for hospitals (a) with "fewer than 100 beds", (b) located in "rural areas", (c) do not have in effect a 24-hour nursing waiver, and (d) have not had a swing-bed approval terminated within two years previous to their application for swing-bed designation. "Swing bed" designation has been traditionally applied to acute care beds in hospitals which meet the Medicare requirements. These beds can, then, also be used as skilled nursing care beds, provided that the condition of the patient warrants skilled nursing care. Rather than being reimbursed at the acute care bed rate, the hospital is reimbursed at a skilled nursing care rate.

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Humphreys County Nursing Home Utilization Trends, 2012-2014

Nursing Home	2015 Lic.'d Beds	2012 Patient Days	2013 Patient Days	2014 Patient Days	'12- '14 % Change	2012 % Occ.	2013 % Occ.	2014 % Occ.
Humphreys Co. Nursing Home	66	23,649	23,725	23,700	+0.2%	98.2%	98.5%	98.4%
Waverly Healthcare and Rehab. Cntr.	100	29,424	25,694	24,057	-18.2%	80.6%	70.4%	65.9%
Total	166	53,073	49,419	47,757	-10.0%	87.6%	81.6%	78.8%

Source: Nursing Home JAR, 2012-2014

- Utilization of the 2 nursing homes in Humphreys County decreased overall by approximately 10.0% from 2012-2014; however Humphreys County Nursing home's utilization remained constant while Waverly Healthcare's utilization declined over 18% during the time period.
- 2014 bed occupancy ranged from 98.4% at Humphreys County Nursing Home to 65.9% at Waverly Healthcare and Rehab.

Nursing Home Compare

Nursing Home Compare was launched in 1998 ("NH Compare 1.0"). CMS added the *5-Star Quality Rating System* in December 2008 ("2.0"). The website gets more than 1.4 million visitors per year, with 85 percent of users reporting that they found the information they are looking for on nursing homes. The *5-Star Quality Rating System* offers the most comprehensive overview of nursing home quality in the U.S., in an easy to understand format, based on data from:

- **Onsite Inspections:** Conducted by trained, objective surveyors from State public health departments and CMS, the rating system reflects the findings of approximately 180,000 onsite inspections of nursing homes over the most recent 3-year period.
- For scoring of these survey results, NHs are compared against each other. NHs can gain a higher star rating if they improve relative to other NHs in the same State.

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- **Quality Measures:** Information from the nursing homes is used to calculate quality measures, such as the prevalence of pressure ulcers, use of restraints, and the extent of injurious falls.
 - *For scoring the quality measures, CMS uses fixed numeric thresholds as the boundaries between the star categories. Providers can see the “number” they must attain in order to move up by one star. Providers can increase their star rating regardless of whether other nursing homes also improve.*
- **Staffing Levels:** Staffing levels in nursing homes are reported on the website and used in the 5-Star ratings. Research indicates that staffing level is important to overall quality in a nursing home.
 - *Facility ratings on the staffing domain are based on two measures – RN hours per resident day and total staffing hours for RNs, Licensed Practical Nurses (LPNs), and certified nursing assistants (CNAs) hours per resident day. Other types of nursing home staff such as clerical, administrative, or housekeeping staff are not included in these staffing numbers. (Source: CMS Website)*

The results of Nursing Home Compare for the nursing homes in Humphries County are displayed in the table below:

Nursing Home Compare

Rating	Humphreys Co. Nursing Home	Waverly Health Care & Rehab. Cntr.
Overall	5 Stars-Much Above Average	4 Stars-Above Average
Health Inspection	5 Stars-Much Above Average	3 Stars-Average
Staffing	4 Stars-Above Average	4 Stars-Above Average
Quality Measures	5 Stars-Much Above Average	2 Stars-Below Average

Source: Medicare.gov

Projected Utilization

The following table shows the projected utilization of the project.

91 Bed Nursing Home Projected Utilization

Year	Licensed Beds	Medicare/Medicaid-certified beds	SNF Medicare ADC	SNF Other ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
Year 1	91	91	17	13	54	84	92.3%
Year 2	91	91	18	14	57	89	97.8%

- The applicant expects the ADC of the proposed 91 bed nursing home to increase from 84 patients per day in Year One to 89 patients in Year Two.
- The corresponding facility occupancy is projected at 92.3% in Year One and 97.8% in Year Two.

Project Cost

Major costs are:

- Construction - \$10,620,000 or 71.4% of total cost.
- Moveable Equipment - \$1,365,000 or 9.2% of total cost.
- Preparation of Site-\$1,200,000 or 8.1% of total cost
- For other details on Project Cost, see the Project Cost in the original application.
- As reflected in the table below, the proposed project's new construction cost of \$180.00/SF is below the 3rd quartile (\$185.00/PSF) cost of statewide nursing home construction projects from 2012 to 2014.

**Nursing Home Construction Cost per Square Foot
2012-2014**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$48.13/sq. ft.	\$152.80/sq. ft.	\$110.15/sq. ft.
Median	\$70.26/sq. ft.	\$170.48/sq. ft.	\$152.80/sq. ft.
3rd Quartile	\$101.00/sq. ft.	\$185.00/sq. ft.	\$174.53/sq. ft.

Source: HSDA Applicant's Toolbox

Historical Data Chart

The Historical Data Chart for the existing nursing home reflects the following:

- Based on operating revenues and direct operating expenses only, earnings before depreciation, interest, taxes and amortization (EBDITA) were approximately \$205,621 or 4.8% of gross operating revenue in FY2013 increasing \$888,372 or 19.4% of gross operating revenue in FY2015.
- Gross operating revenue increased by approximately 7.4% from FY2013 to FY2015

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- When including indirect expenses for depreciation, interest and capital expenditures in the estimate, net operating income (NOI) for the FY 2013 was \$(301,330) increasing to \$363,399 in FY 2015.

Projected Data Chart

The applicant projects \$7,578,948.00 in total gross revenue on 30,660 patient days in Year 2018 increasing by 10.3% to \$8,384,441 on 32,485 patient days in Year 2019 (approximately \$257.37 per day). The Projected Data Charts reflect the following:

- Net operating income less capital expenditures is estimated at \$673,076 in Year 2018 decreasing to \$659,093 in Year 2019.
- The applicant reports contractual adjustments of \$(896,447) in Year 2018 and \$(841,332) in 2019. The applicant explains in the first supplemental response that the reason for the negative number is due to gross charges for room and board at an established rate plus charges for all ancillary services provided are generally lower than the payments received. For further explanation see Page 10 of 13 in Supplemental #1.
- The applicant does not budget for Charity care because the nursing home provides full care normally at levels below cost for Medicaid patients.

Charges

In Year 1 of the proposed project (2018), the average gross daily patient charge is as follows:

- Total (91 bed facility) - \$247.93 average gross charge.
- Average deduction from charges - \$(30.36)/ day.
- Average net charge - \$278.29 per patient per day.

Medicare/TennCare Payor Mix

- TennCare-The applicant projects TennCare gross operating revenue in Year One of \$3,315, 386 or 43.6% of total.
- Medicare- Charges will equal \$2,506,292 in Year One representing 33.0% of total gross revenue

Financing

The proposed project will be financed from some combination of the following several sources to cover the \$14,875,239 project cost:

- \$11,509,000 HUD Loan through Capital One Commercial Banking
- \$10,000,000 Loan from First Tennessee Bank

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- \$3,000,000 Loan from Heritage Bank
- \$1,000,000 application for a grant to the Meriwether Lewis Electric Cooperative for an additional supplemental loan that would be interest free.

Staffing

A breakout of the direct care staffing in Year 1 includes the following:

- 3.4 FTE Registered Nurses
- 17.1 FTE LPN's
- 42.0 FTE Certified Nurse Technicians
- 2.0 FTE Physical Therapists
- 1.0 FTE Speech Therapists
- 1.0 FTE Occupational Therapists
- 1.0 FTE Social Services

Note to Agency Members: 1 FTE means an employee who works 2,080 regular hours per year. Current licensure standards require nursing homes to have adequate numbers of licensed registered nurses, licensed practical nurses and certified nurse aides to provide nursing care to all residents as needed. Nursing homes shall provide a minimum of 2 hours of direct care to each resident every day including 0.4 hours of licensed nursing personnel time. There must be supervisory and staff personnel for each department or nursing unit to ensure, when needed, the availability of a licensed nurse for bedside care of any resident. Source: Chapter 1200-08-06-.06, Rules of the Board for Licensing Health Care Facilities, Division of Health Care Facilities, Tennessee Department of Health (revised March 2014).

Licensure/Accreditation

Humphreys County Nursing Home is licensed by the State of Tennessee and certified by Medicare and Medicaid. Humphreys County Nursing Home received a letter dated November 6, 2014 from the West Tennessee Regional Office, Division of Health Care Facilities, Department of Health, indicating that the health portion of a recertification survey conducted at the facility on November 3-4, 2014 found that the facility was not in substantial compliance with participation requirements and that a Plan of Correction for deficiencies must be submitted by November 16, 2014. Humphreys County Nursing Home received a letter from the West Tennessee Regional Office dated November 18,

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2014 indicating the Plan of Correction for deficiencies was being accepted and was recommending recertification in the Medicare and Medicaid programs.

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the applicant is requesting a CON with a 3-year validity period.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PJG/MAF 02/08/2016

NURSING HOME BED POOL STATS

July 1, 2015 through June 30, 2016
125 BED POOL

Nursing Home Beds APPROVED	0 NH Beds
Swing Beds APPROVED	0 Swing Beds
Nursing Home Beds DENIED	0 NH Beds
Swing Beds DENIED	0 NH Beds
Total Beds AVAILABLE from Bed Pool	125 Beds Available

Nursing Home Beds PENDING	33 NH Beds
Swing Beds PENDING	0 Swing Beds
Total Beds PENDING from Bed Pool	33 Beds Pending

<u>COUNTY</u>	<u>PROJECT NUMBER</u>	<u>FACILITY</u>	<u>PROJECT DISPOSITION</u>	<u>MEETING DATE</u>	<u>DESCRIPTION</u>
Humphreys	CN1511-049	Humphreys County Nursing Home	Pending	2/24/2016	Relocate and replace an existing nursing home 2 miles from its current location. The new facility will add 25 new beds to increase its bed count to 91 beds.
Sullivan	CN1601-003	NHC Healthcare Kingsport, LLC	Pending	4/27/2016	The addition of 8 new Medicare only certified SNF nursing home beds to the existing 52 Medicare only nursing home bed complement.

LETTER OF INTENT



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the News-Democrat which is a newspaper
(Name of Newspaper)
of general circulation in Humphreys Tennessee, on or before November 6, 2015
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Humphreys County Nursing Home Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: Humphreys County with an ownership type of Governmental and
to be managed by: Key Management Associates, LLC intends to file an application for a Certificate of
Need: For change of site /relocation of the current Nursing Home located at 670 Hwy 13 South, Waverly Tennessee to an undeveloped property located on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive, Waverly (Humphreys County), Tennessee, a distance of approximately 2 miles North from the current location of Humphreys County Nursing Home. This application seeks to relocate, replace and add 25 beds from the Nursing Home Bed Pool State which will increase the bed size of Nursing Home to 91 beds. The current building has physical limits, due to an aging 50 year old building - Rooms are too small, no private bathrooms, no space for therapy services, activities, office space, and dining space. The new building will improve resident environment and amenities that embrace a modified Greenhouse concept. The new site contains 15.4 acres up from our acreage on the current site of 5.4 acres. An address has not been assigned to the proposed building due to rezoning and additional site work to be done. The new facility will be dually certified for Medicare and Medicaid participation. The estimated project cost is projected to be \$14,500,000.

The anticipated date of filing the application is: November 10, 2015

The contact person for this project is Bill Sullivan, Administrator
(Contact Name) (Title)

who may be reached at: Humphreys County Nursing Home Hwy 13, South

<u>Waverly</u> (City)	<u>TN</u> (State)	<u>37185</u> (Zip Code)	<u>931-296-2533</u> (Area Code / Phone Number)
<u>Bill Sullivan</u> (Signature)	<u>11-6-2015</u> (Date)	<u>samsullivan@comcast.net</u> (E-mail Address)	

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

Humphreys
County Nursing
Home

CN1511-049

1. **Name of Facility, Agency, or Institution**Humphreys County Nursing Home

Name

The new facility will be located one mile North from current facility off of Fort Hill Rd.

Humphreys
County

Street or Route

Waverly

City

TN
State37185
Zip Code2. **Contact Person Available for Responses to Questions**Sam W. Sullivan

Name

Administrator
TitleHumphreys County Nursing Home
Company Namesamwsullivan@comcast.net

Email address

670 Hwy. 13 South

Street or Route

Waverly

City

TN

State

37185

Zip Code

Contract Employee

Association with Owner

931-296-2532

Phone Number

931-296-0829

Fax Number

3. **Owner of the Facility, Agency or Institution**Humphreys County Nursing Home

Name

931-296-2532

Phone Number

670 Hwy. 13 South

Street or Route

Humphreys
CountyWaverly

City

TN

State

37185

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship _____

B. Partnership _____

C. Limited Partnership _____

D. Corporation (For Profit) _____

E. Corporation (Not-for-Profit) _____

F. Government (State of TN or
Political Subdivision) X

G. Joint Venture _____

H. Limited Liability Company _____

I. Other _____

RESPONSE: Attachment A.4.1 is a copy of the **charter**, and A.4.2 is a copy of the corporate organization chart.**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

5. **Name of Management/Operating Entity (If Applicable)**

Key Management Associates, LLC
 Name
711 Shenandoah Drive
 Street or Route
Brentwood
 City
TN
 State
Williamson
 County
37027
 Zip Code

RESPONSE: Attachment A.5.1 Copy of Management Company Contract.

6. **Legal Interest in the Site of the Institution (Check One)**

- A. Ownership D. Option to Lease
 B. Option to Purchase X E. Other (Specify)
 C. Lease of Years

RESPONSE: Attachment A.6.1 Copy of Option to Purchase.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- | | |
|--|--|
| A. Hospital (Specify) <u> </u> | I. Nursing Home <u> X </u> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty <u> </u> | J. Outpatient Diagnostic Center <u> </u> |
| C. ASTC, Single Specialty <u> </u> | K. Recuperation Center <u> </u> |
| D. Home Health Agency <u> </u> | L. Rehabilitation Facility <u> </u> |
| E. Hospice <u> </u> | M. Residential Hospice <u> </u> |
| F. Mental Health Hospital <u> </u> | N. Non-Residential Methadone Facility <u> </u> |
| G. Mental Health Residential Treatment Facility <u> </u> | O. Birthing Center <u> </u> |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) <u> </u> | P. Other Outpatient Facility (Specify) <u> </u> |
| | Q. Other (Specify) <u> </u> |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- | | |
|--|--|
| A. New Institution <u> </u> | G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: <u> Increase </u> , Decrease, Designation, Distribution, Conversion, Relocation] <u> X </u> |
| B. Replacement/Existing Facility <u> X </u> | |
| C. Modification/Existing Facility <u> </u> | |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) <u> </u> | |
| E. Discontinuance of OB Services <u> </u> | I. Change of Location <u> X </u> |
| F. Acquisition of Equipment <u> </u> | J. Other (Specify) <u> </u> |

9. Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.***

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	__66__	__0__	__66__	__25__	__91__
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	__66__	__0__	__66__	__25__	__91__

*CON-Beds approved but not yet in service

10. Medicare Provider Number 44-5489
 Certification Type Medicare Part A Program

11. Medicaid Provider Number 7440099 & 0445489
 Certification Type ICF & SNF

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants?_YES If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.***

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Humphreys County Nursing Home participates with TennCare MCOs on a contractual basis. Humphreys County Nursing Home contracts with the following: Amerigroup, United Healthcare Community Plan, and BlueCare Tennessee.

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response:

Description: This Certificate of Need application is for the relocation of Humphreys County Nursing Home, a 66 bed nursing home located on Hwy 13, Waverly (Humphreys County), Tennessee to Fort Hill Road, Waverly (Humphreys County), Tennessee, a distance of approximately 1 mile from the current location of Humphreys County Nursing. This facility was constructed in 1966. During 2014, the facility provided 23,700 days of care, or an average occupancy rate of 98.4%. In 2015 year to date, the facility provided 19,676 days of care, or an average occupancy rate of 98%. This application seeks to relocate, replace and add 25 beds from the pool of beds for the reasons described below.

The new site contains 15.4 acres up from our current site of 5.4 acres.

Proposed Services: The goal is to offer an improved environment and amenities that embrace a modified Greenhouse concept – access to private toilet & shower facilities, more space for private family visits, areas with natural light, fireplaces in strategic locations, group dining spaces with access to a small kitchen area, larger therapy and activities space, internal courtyard, library, beauty shop and massage area.

Need: This facility was built in 1966. The current site is not adequate to build a replacement facility for this 50 year old building. The proposed site is much better suited for a new building due to limitation of current site. The limitation of the current building include the small size of resident rooms that does not allow for personal items, activity spaces, and therapy space, plus the lack of space for administrative offices and storage space. Rehabilitation services are spread throughout the facility

and are crowded. The facility has only two private rooms. Rooms do not have private showers. Outdoor space is limited. The emergency generator and wiring of the facility limit the amount of power available to support the needs of residents in a power outage. The sewer system frequently has stoppage problems and is in need of extensive repairs. There are not enough parking spaces and visitors have to park in the hospital parking lots to visit. The entrance street is shared with a mobile home park, hospital, and the nursing home.

Any type of renovation is cost prohibitive due to the age of building and cost of bringing the building to current codes.

Many days we are unable to accept new patients due to no available beds. During 2015 to present we have turned away 88 residents for admission. We have 16 residents on a waiting list. Assuming the average length of stay for the 88 residents turned away being 117 days (JAR report) the residents would have generated 10,296 additional patient days or 28.2 average daily census.

Ownership Structure: Humphreys County Nursing Home is owned by Humphreys County and directed by appointed Board members approved by the County Commission. The Board operates the nursing home with a management contract with Key Management Associates, LLC. Key Management Associates is located in Tennessee and is owned by Judy Eads. She works with nursing homes throughout Tennessee and has extensive operational and clinical training within the nursing home industry. Her background in operations has provided guidance and direction in the "efficiency and functionality" of the new replacement facility proposed plans.

Service Area: The primary service area is defined as Humphreys County which is expected to have a population 18,561 in 2018.

Existing Resources: Two nursing homes containing 166 licensed beds, are currently licensed in the service area - Humphreys County. During 2013, the two nursing homes reported providing 49,419 patient days, or an occupancy rate of 82%. For the past 6 years Humphreys County has recorded an average occupancy rate of 98 - 100 percent occupancy.

Project Cost/Funding: The cost of the project is estimated to be \$14,500,754, and will be funded by a loan from HUD and any supplement funding will be funded by a bank loan and/or funding from Meriwether Lewis Electric Cooperative (MLEC). A letter from HUD stating its willingness to fund this project is presented, Bank letter, and Fact sheet from MLEC in **Attachment C, Economic Feasibility - 2.**

Financial Feasibility: The proposed facility is expected to have a positive income from operations during its second year of operation. Currently the facility has a positive cash flow from operations, and is expected to continue to maintain a positive cash flow after the expansion.

Staffing: The current staffing is 79.7 FTEs. During year two, the expected total facility staffing is expected to be 95.5 FTES and the clinical staffing is expected to be 62.5 FTEs. The staffing of the facility is reviewed in detail in the Contribution to the Orderly Development of Health Care section of this application. **Explained in Orderly Development 3. Pages 36 & 37.**

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
 - A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square

November 20, 2015

9:43 am

footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response:

The site that was chosen for the NEW FACILITY is north of the Three Rivers Hospital off of Fort Hill Road and Hillwood Drive. This 15.4 acre parcel of land would be accessed directly from Fort Hill Road and would receive utilities (water, gas, sewer, and electrical) provided by the City of Waverly, TN. The CONVENIENT ACCESS from the Three Rivers Hospital would offer emergency support, diagnostic and therapeutic back up should residents require acute or emergency intervention. The site is also near the main Hospital Campus and will afford convenient patient and staff transfer, in phases, as the new project is developed over time. Please refer to Exhibits on details of site location and MASTER ZONING CONCEPTS for the new facility. Attachment B. III. A. Site Plan.

The construction cost is estimated to be \$10,620,000 or \$180.00 per square foot.

Humphreys County Nursing Home will offer a variety of amenities. These include dayrooms for each wing, an activity room, ice cream and gift shop, library, beauty shop, outdoor courtyards, walking paths, gazebos, fine dining, and private dining rooms for each nursing unit.

A variety of resident room configurations will be offered. There will be 71 private rooms, and 10 semi-private rooms are planned. Each resident will have a direct phone line, wireless internet access, and TV.

Large therapy spaces will be provided. Physical therapy, speech therapy, and occupational therapy services will be offered. Private treatment rooms will be available. State-of-the-art therapy equipment will be included in the FF&E package. An outdoor therapy courtyard with a variety of walking surfaces and transitions, will be located adjacent to each of the nursing units.

The current facility occupies 16,250 SF with a detached storage building of 1750 SF. The current facility provides two-side access and parking for approximately 49 vehicles. The proposed 59,000 SF facility will be constructed on a relatively flat 15.4 acre site located in Waverly, Tennessee. The property is presently being surveyed and all preliminary information indicate this land is adequate to provide all programmatic elements of the facility. Parking quantities and landscape requirements will be designed to accent the site, and will exceed the local zoning code. The proposed site has passed two major reviews by the Waverly City Planning Commission and will have both civil and survey studies complete within 60 days.

The facility in this project will be constructed under the codes adopted by the local municipality (the International Building Code) and the Tennessee Department of Health (the Standard Building Code). As defined by the 1999 Standard Building Code, the Occupancy for this building will be

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost		
					Renovated	New	Total	Renovated	New	Total
Hall A Patient Rooms		6798		FIRST FLR		15550	15550		2,999,362	2,999,362
Halls B,C,D Pt. Rooms		-		FIRST FLR		3990	3990		842,907	842,907
MCU Patient Rooms		-		FIRST FLR		3990	3990		791,600	791,600
Administration		820		FIRST FLR		1657	1657		228,293	228,293
Rehab		191		FIRST FLR		1189	1189		229,340	229,340
Food Services		959		FIRST FLR		2953	2953		965,590	965,590
Laundry		429		FIRST FLR		855	855		109,944	109,944
Hall A Patient Care		-		FIRST FLR		2141	2141		377,570	377,570
B,C,D Patient Care Sprt		-		FIRST FLR		625	625		117,109	117,109
MCU Patient Care Sprt		-		FIRST FLR		495	495		89,113	89,113
Common Act/Lnge		378		FIRST FLR		1909	1909		315,615	315,615
Hall A -Act/Lnge		-		FIRST FLR		1550	1550		270,498	270,498
Hall B,C,D - Act/Lnge		-		FIRST FLR		631	631		114,756	114,756
MCU Act/Lnge		-		FIRST FLR		390	390		69,494	69,494
Dining		1374		FIRST FLR		1750	1750		315,046	315,046
Public Areas		163		FIRST FLR		1026	1026		188,476	188,476
Common PCS		1554		FIRST FLR		1219	1219		190,341	190,341
Operational Support		101		FIRST FLR		2095	2095		327,124	327,124
B. Unit/Depart. GSF Sub-Total		12,767				44015	44015		8,542,176	8,542,176
C. Mechanical/ Electrical GSF		5,233				1450	2403		213,039	213,039
D. Circulation /Structure GSF		18,000				13535	13535		1,864,785	1,864,785
E. Total GSF						59000	59000		10,620,000	10,620,000

Institutional – Unrestrained, and the type of construction will be Type V protected – fully sprinkled. Other design standards are in compliance with the national performance standards outlined in the FGI Guidelines for Hospitals and Associated Nursing Care Facilities, 2014 Edition.

This single story building will be framed with metal stud walls and wood trusses. The exterior vocabulary of the structure has not been determined. However, we proposed brick or simulated stone cladding, with fiber cement siding and trim accents. The proposed roofing material is an architectural fiberglass or asphalt shingle with prefinished aluminum gutters and downspouts. All resident windows will incorporate code mandated egress requirements. The proposed building also incorporates a large main entry Porte Cochere that allows three drive lanes of vehicular traffic to insuring easy all weather access to the main entry. A secondary service entry and dock area along with an outpatient rehabilitation drop off and pick up area will be provided. Emergency access/egress is available for each of the 5 primary housing zones of the facility (Update to meet current design features).

The chart has been completed. A letter from the project architect stating the building will be built to meet or exceed applicable codes, is presented in **Attachment B. Project Description II A. Codes Letter.**

- B. **Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

Response: The number of licensed beds will increase from 66 to 91 as a result of this project. The distribution of the beds located in private and semi-private rooms, current and proposed, beds is present in the following table.

Table 1
Bed Distribution

	Beds in Private Rooms	Beds in Semi-Private Rooms
Current	2	64
Proposed	71	20

The current facility does not meet nursing home and skilled care standards but is Grandfathered to operate in the State of TN in the present location. The new facility will offer the following improvements with designated care centers, for example:

- Drop Off/Entry/Exit and Public Space
- Accessible separate Public Toilets
- Private Rooms Sized to meet Life/Safety Standards and Proper Toilet/Shower Designs and Inpatient Amenities Including Personal Storage, Living Facilities and Outdoor Natural Lighting as well as Nurse Call and Patient Care Accommodations

- Proper Storage For Staff and Patients
- Rehabilitation and Physical Therapy Shared By All Residents
- Adequate Public, Patient and Family Dining plus Food Preparation and Service Access for Support.
- Housing Accommodations and Bed Distribution Will Be As Follows:
 - Four 15-Bed and one 16-Bed Units for Resident Populations
 - One 15-Bed Memory Care Unit

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: Not Applicable

D. Describe the need to change location or replace an existing facility.

Response: The application is for a replacement of an existing facility. The facility was built in 1966. The 50 year old physical plant is aging and has significant space limitations. These limitations include the size of resident rooms, activity spaces, and therapy space plus the lack of space for administrative offices and storage space. The maintenance department is currently located in another building and is also used to store patient medical equipment. The square feet will be increased from 18,000 sq. ft. in the existing to 59,000 sq. ft. in the proposed, or 273 sq. ft. per bed to 648 sq. ft. per bed in the proposed for an increase of 58%.

Rehabilitation services are spread throughout the facility and are crowded. The space for rehabilitation services will be increased from 191 square feet to 1189 square feet. All rehabilitation services will be consolidated in this space. Large therapy spaces will be available to provide physical therapy, speech therapy, and occupational therapy services. Private treatment rooms will be available. A simulated home kitchen and bath will be available to assist patients to return home safely by practicing cooking, cleaning, laundry task, etc.

The facility has only two private rooms which do not have private showers. All of the patient rooms will have a full bathroom including shower. A variety of room configurations will be offered. Each resident will have a direct phone line, internet access, and TV.

The current building has several deficiencies that will be eliminated as a result of this project.

The emergency generator and wiring of the facility limit the amount of power available to support the needs of residents in a power outage. The need of repairs to the sewer system, which is cost prohibitive of repairing due to closing facility for the repairs, inadequate nurse call system and limited space in kitchen and dining to serve the current population.

The street entrance to the facility is currently shared with a mobile home park and hospital. The parking lot is limited and frequently there are no parking spaces available for visitors. The new site will have a better entrance and a larger parking lot.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost;(As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

Response: Not Applicable. This project does not involve any major medical equipment.

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

Response: Not Applicable

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response: Not Applicable. This project does not involve any major medical equipment.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include**:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response: See Attachment B. III. A. Plot Plan.

(B 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The site is not currently served by public transportation routes. The proposed site will be easily accessible from Highway 13 on to Hillwood Drive with entrance to nursing home from Fort Hill Road.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

Response: See Attachment B IV. Floor Plan.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Response: Not Applicable

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. **Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**
 - a. **Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.**

The five principals outlined in the State Health Plan of achieving better health are:

1. **The purpose of the State Health Plan is to improve the health of Tennesseans;**

Response: The implementation of this project will improve the health of the residents of Humphreys County by the creation of a nursing home with more private rooms with personal showers and space to bring some personal items. There will be an increase in the space for rehab, activities, and dining that will allow for more privacy and a pleasant experience. An outdoor therapy courtyard, with a variety of walking surfaces and transitions.

2. **Every citizen should have reasonable access to health care;**

Response: The new facility will be easily accessible by the local highway network. This system is briefly described in B. Project Description III. (B).1. The entrance to the new facility will be improved with more parking spaces and one entrance that is not shared with mobile home park and the hospital traffic.

3. **The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system;**

Response: The proposed project will address the needs of the residents of the service area by replacing a 50 year old facility with a state-of-the-art building with 71 private rooms and 10 semi-private rooms. The demand for private beds cannot be met in the existing building.

Because of lack of space in the present building, there are many economic inefficiencies. Some of the inefficiencies are congestion, the location of the maintenance building and medical equipment in another building, lack of rehab, activities, dining, and administrative space, etc. The replacement of the existing building will improve the system of caring for the Humphreys County elderly to more of a resident-centered care environment.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers;

Response: Humphreys County Nursing Home is licensed by the Department of Health, Health Care Facilities. The facility has a 5 star rating developed by the Centers of Medicare and Medicaid and had a deficiency free survey in 2014. The facility will continue to be licensed and will strive to continue the 5 star rating by the Centers of Medicare and Medicaid.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

Response: Humphreys County Nursing Home works closely with LPN programs located in Dickson and Henry Counties and attends their job fairs at the schools. Nurse Aide Training programs are located at the Waverly Health Care Center in Waverly, and in Benton and Dickson Counties. Humphreys Country Nursing Home marketing group always attends the job fairs at Benton and Dickson Counties. The retention rate for staff at Humphreys County as measured by the Tennessee Medicaid Department by their QuilTTS Program is 79.4%.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards(4)(a-c)

Response: Three of the guidelines are applicable to this application: (1) Nursing Home Services, (2) Construction, Renovation, Expansion, and Replacement of Health Care Institutions, and (3) Change of Site.

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative sessions, amended and changed the codes sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1 – June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services. Need

A. Need

1. According to TCA 68-1 1-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need = .0005 x pop. 65 and under, plus
.0120 x pop. 65-74, plus
.0600 x pop. 75-84, plus
.1500 x pop. 85. plus

November 20, 2015**9:45 am**

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Response: Using the methodology outlined in item 1, and the population estimates developed by the Department of Health, the nursing home bed need was calculated for 2016, 2017, and 2018.

Table 2
Projected Bed Need – Humphreys County

Age Group	Use Rate	Population		Bed Need			
		2016	2017	2018	2016	2017	2018
Under 65	0.0005	14,822	14,809	14,752	7.4	7.4	7.4
65-74	0.012	2,158	2,136	2,149	25.9	25.6	25.8
75- 84	0.06	1,149	1,206	1,259	68.9	72.4	75.5
85+	0.15	396	400	401	59.4	60.0	60.2
Total		18,525	18,551	18,561	162	165.4	168.9
Existing Licensed Beds					166	166	166
Outstanding CONs Beds					0	0	0
Additional Bed Need					-4	-1	4

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

Response: An inventory of the licensed nursing home beds in Humphreys County is represented in the following table. There are no outstanding CONs for nursing home beds in Humphreys County. The utilization of the two nursing homes in Humphreys County is provided in the following table. During 2013, the other nursing home within the County reported an average occupancy rate of 70.39 percent.

Table 6
Summary of Total Utilization in Humphreys County both Nursing Homes
2011- 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate%
2011	166	42,603	10,760	53,363	146.2	88
2012	166	43,518	9,555	53,073	145.0	87
2013	166	42,295	7,124	49,419	135.4	82

"Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients

reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

Response: The service area for this project is Humphreys County. At the present time, 89 percent of the residents in Humphreys County Nursing Home were residents of Humphreys County. Residents from no other county accounted for more than 3 percent of the admissions. The majority of the population of Humphreys County resides within 30 minutes of the current and proposed site. See Attachment Nursing Home Services A. 4. Service Area Map.

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered :

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

Response: There will be a 4 bed nursing home bed need in 2018. Humphreys County Nursing Home has had an occupancy rate of 98 – 100% occupancy for over 5 years. As of October 2015, Humphreys County turned away 55 skilled residents because there were no available beds at Humphreys County Nursing Home.

A. Occupancy and Size Standards:

- I. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Response: The applicant is projecting an occupancy rate in excess of 90 percent during its second year of operation.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

Response: The average occupancy rate for 2012 was 82 percent but the other nursing home's average census dropped to 70.39 while Humphreys County consistently remained at 98 – 100 percent.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

Response: The following table demonstrates a consistent occupancy above 95 percent for the past 4 years:

Table 4
Humphreys County Utilization
2011 – 2015

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2012	66	20,142	3,364	23,506	64.2	97.3
2013	66	20,879	2,620	23,499	64.4	97.6
2014	66	21,016	2692	23708	64.95	98.4
2015	66	20,711	3079	23790	65.2	98.7

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

Response: The facility will contain 91 beds.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

- 1) Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Response: Additional beds are needed due to the many days of no available beds for referrals. During 2015 there were 88 referrals to the nursing home but the nursing home had no available beds. Average occupancy rates for years 2014: 98.4% and 2015: 98%.

- 2) For relocation, or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

Response: Due to the 50 year old building which is in need of major work such as emergency generator, wiring of the facility and sewer system. The patient rooms are too small with no

private bathrooms, only two private rooms, no space for rehab services, activities, dining, and administrative space. Due to the suspected cost of renovation and the numerous codes that would be required for any renovation project to meet the current building codes we did not cost out renovation. Also any type of renovation project would likely cause the facility to close to facilitate the renovation.

The proposed cost of relocation of the facility is \$14,500,754. The strengths of this project will allow for a state-of-art building with 71 private rooms and 10 semi-private rooms, more space for rehab, activities, dining, larger patient rooms, and more administrative space. The replacement of the existing building will improve the system of caring for the Humphreys County elderly to more of a resident-centered care environment. There are not weaknesses of the relocation to a new site.

b. The application should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Response: During 2014, Humphreys County provided 23,700 days of patient care. In 2018, the nursing home bed formula determines a need for an additional 4 beds. Even though this is a small number, it does demonstrate that the County's population is increasing and a need for additional beds.

3. For renovation or expansions of existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project

Response: Not Applicable

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Response: Not Applicable

CHANGE OF SITE

c. Applications that include a Change of Site for a health care institution, provide a response to the General Criteria and Standards (4) 9 a-c.

(a) Need – The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed new site.

Response: The new facility located on a change of Site is needed due to many days there are no beds to accept new patients. A total of 88 referrals to Humphreys County Nursing Home from hospital in Dickson, Waverly, and Davidson Counties were declined for admission because there were no beds available in the facility during 2015. Fifty-five (55) of the referrals were skilled residents.

The current site does not have enough acreage to rebuild a new facility or add on to the current facility. In order to have private rooms with private showers and more space for rehab, activities, and dining there must be a change of site.

(b) Economic Factors – The applicant should show the proposed new site would be at least as economically beneficial to the population to be served as the original site.

Response: The proposed facility is expected to have a positive income from operations during its

second year of operation. Currently the facility has a positive cash flow from operations, and is expected to continue to maintain a positive cash flow after the expansion. The economic benefits to the residents of the service area will not change as a result of this relocation. Charges are reasonable and comparable to other facilities in the area.

(c) Contribution to the Orderly Development of Health Facilities and/or services. – The applicant should address any potential delays that would be caused by the proposed change of site, and show that any delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

Response: The delay caused by the site change and the construction of a new facility is approximately 12 months. The advantages of a new facility will outweigh any inconvenience caused by the longer time required to complete the project. The improved environment and the amenities – private baths, private rooms, and more space for therapy, activities, and dining are worth the delay in change of site.

d. Application that include a Change of Site for a proposed new health care institutions(one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4) (a-c) of the Guidelines for Growth.

Response: Not Applicable

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: Our mission is "To provide our community the highest quality of care that promotes compassion, resident-centered care, and a financially viable organization". Our vision is "Continuously strive to be the provider of choice for exceptional long term health care services". This project will contribute to being a resident-centered care facility with an improved physical plant that adds space to provide the services expected by the patients of Humphreys County Nursing Home. With the added beds it will contribute to a financially viable organization.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response: Humphreys County is the primary service area. Humphreys County population is expected to increase by 2% percent in the following 3 years. A service area map is presented in Attachment: A. 4 Nursing Home Services - Service Area Map.

4. A. Describe the demographics of the population to be served by this proposal.

Response: Using the methodology outlined in item 1, and the population estimates developed by the Department of Health, the nursing home bed need was calculated for 2016, 2017, and 2018.

Table 3
Demographic Profile
Humphreys County, Tennessee

Demographic Variable/ Geographic Area	Humphreys County	State of TN Total
Total Population – Current Year	18,519	6,649,438
Total Population – Projected Year 2017	18,551	6,772,022
Total Population - % change	1%	1.02%
*Target Population - Current Year (60)+	4,934	1,420,025
*Target Population – Projected Year 2017	5,052	1,498,934
Target Population - % change	2.4%	5.6%
Target Population – Projected Year as % of Total	27.2%	22.1%
Median Age	41.9	38
Median Household Income	\$42,785	\$44,298
TennCare Enrollees	3,933	1,324,208
TennCare Enrollees as % of Total	21.7%	19.9%
Persons Below Poverty Level	2,574	1,172,700
Persons Below Poverty Level as % of Total	13.9%	17.6%
Adult Obesity	35%	32%
Adult Smoking	22%	23%
Unemployment	8.8%	8.2%

*Target population is population that project will primarily serve. Data from the Tennessee Health Department Vital Statistics, TennCare Data Enrollment

Table 2
Projected Bed Need – Humphreys County

Age Group	Use Rate	Population			Bed Need		
		2016	2017	2018	2016	2017	2018
Under 65	0.0005	14,822	14,809	14,752	7.4	7.4	7.4
65-74	0.012	2,158	2,136	2,149	25.9	25.6	25.8
75- 84	0.06	1,149	1,206	1,259	68.9	72.4	75.5
85+	0.15	396	400	401	59.4	60.0	60.2
Total		18,525	18,551	18,561	162	165.4	168.9
Existing Licensed Beds					166	166	166
Outstanding CONs Beds					0	0	0
Additional Bed Need					-4	-1	4

Source: Tennessee Population Projects 2010 – 2020, Office of Health Statistics (2013 Revision)

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: Humphreys County Nursing Home does not limit its services to any special needs population within the County. Humphreys County Nursing Home does not discriminate against health disparities, accessibility to consumers, elderly, women, racial and ethnic minorities, and low-income groups has never discriminated against any of these groups. If the project is successful in obtaining the CON with the additional beds, the business plan can address this population's needs much better by having a larger therapy services and larger patient rooms with private showers.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response: The utilization of each of the nursing home providers in the service area for the past three years is presented below. Utilization is also summarized for both nursing homes in Humphreys County.

Table 4
Humphreys County Utilization
2011 – 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2011	66	20,177	3,345	23,522	64.4	97.6
2012	66	20,771	2,878	23,649	64.6	97.9
2013	66	21,050	2,675	23,725	65.0	98.5

Table 5
Waverly Health Care Utilization
2011 – 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2011	100	22,426	7,415	29,841	81.8	81.8
2012	100	22,747	6,677	29,424	80.6	80.6
2013	100	21,245	4,449	25,694	70.4	70.39

Table 6
Summary of Total Utilization in Humphreys County
2011- 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate%
2011	166	42,603	10,760	53,363	146.2	88
2012	166	43,518	9,555	53,073	145.0	87
2013	166	42,295	7,124	49,419	135.0	81

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: The utilization data for Humphreys County Nursing Home is presented in the following Table. The utilization projected for the first and second years of operation was based on the number of referral declined in 2015 and the number on the waiting list.

Table 7
Humphreys County Nursing Home
Historical Utilization

Applicant Facility Historical and Projected Utilization – Part 1

Year	Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
2013	66	66	5.88	47.26	1.15	.14	10.57	65.0	98.5%
2014	66	66	6.26	47.59	1.02	.10	9.96	64.93	98.4%
2015	66	66	4.76	44.61	.82	2.85	12.14	65.18	98.8%
Projected Year 1	91	91	17.00	40.00	3.00	10.00	14.00	84.00	92.3%
Projected Year 2	91	91	18.00	41.00	3.00	11.00	16.00	89.00	97.8%

Applicant Facility Historical and Projected Utilization – Part 2

Variable	2012	2013	2014	2015	Year 1(P)	Year2
Beds	66	66	66	66	91	91
Patient Days	23649	23725	23700	23790	30660	32485
Average Daily Census	64.6	65.0	64.9	65.2	84.0	89.0
% Occupancy	97.9	98.5	98.4	98.8	92.3	97.8

(P) Projected

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

Response: Excluding the filing fee, the estimated project cost, as shown on the Project Costs Chart (Line D), is \$14,468,200. With this project cost, the filing fee is \$32,554 and is shown on Line E of the Project Costs Chart.

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Response: Not Applicable

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Response: The equipment cost is estimated to be \$1,365,000 and includes all of these items where applicable.

- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response: Attachment Economic Feasibility 1 presents a letter from the project architect outlining the estimated construction cost.

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PROJECT COSTS CHART

SUPPLEMENTAL #2

November 25, 2015

2:45 pm

A. Construction and equipment acquired by purchase:

- | | | |
|----|--|------------|
| 1. | Architectural and Engineering Fees | \$637,200 |
| 2. | Legal, Administrative (Excluding CON Filing Fee),
Consultant Fees | 60,000 |
| 3. | Acquisition of Site | 75,000 |
| 4. | Preparation of Site | 1,200,000 |
| 5. | Construction Costs | 10,620,000 |
| 6. | Contingency Fund | 375,000 |
| 7. | Fixed Equipment (Not included in Construction Contract) | |
| 8. | Moveable Equipment (List all equipment over \$50,000) | 1,365,000 |
| 9. | Other (Specify) _____ | 100,000 |

B. Acquisition by gift, donation, or lease:

- | | | |
|----|---|-------|
| 1. | Facility (inclusive of building and land) | _____ |
| 2. | Building only | _____ |
| 3. | Land only | _____ |
| 4. | Equipment (Specify) _____ | _____ |
| 5. | Other (Specify) _____ | _____ |

C. Financing Costs and Fees:

- | | | |
|----|--|---------|
| 1. | Interim Financing | _____ |
| 2. | Underwriting Costs | 115,000 |
| 3. | Reserve for One Year's Debt Service | _____ |
| 4. | Other (Specify) __Interest during construction | 294,645 |

**D. Estimated Project Cost
(A+B+C)**

14,841,845

E. CON Filing Fee

33,394

**F. Total Estimated Project Cost
(D+E)**

TOTAL \$14,875,239

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☒ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☐ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other—Identify and document funding from all other sources.

Response: The project will be funded by a loan from HUD and any supplement funding will be funded by a bank loan and/or funding from Meriwether Lewis Electric Cooperative (MLEC). A letter from HUD stating its willingness to fund this project is presented, Bank letter, and Fact sheet from MLEC in **Attachment C, Economic Feasibility -2. Letter from lending institution.**

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The following nursing home new construction cost per square foot data was received from the HSDA: Median - \$170.48, and a third quartile of \$185.00. This data was developed using the nursing home CON application filed between 2013 and 2014. With an anticipated construction cost of \$180.00 per square foot, the expected construction cost for this project is reasonable compared to those projects in the HSDS database.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

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HISTORICAL DATA CHART

SUPPLEMENTAL #2

November 25, 2015

2:45 pm

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July.

	Year_2013	Year 2014	Year_2015
A. Utilization Data (Specify unit of measure)	<u>23499</u>	<u>23708</u>	<u>23790</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$4,267,330	\$4,554,798	\$4,582,275
2. Outpatient Services	<u> </u>	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) Guest meals, Beauty Shop, etc.	10,383	9,863	10,094
Gross Operating Revenue	\$4,277,713	\$4,564,661	\$4,592,369
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 75,886	\$ 168,659	\$ (218,033)
2. Provision for Charity Care	0	0	0
3. Provisions for Bad Debt	67,470	(34,287)	11,425
Total Deductions	\$ 143,356	\$ 134,372	\$ (206,608)
NET OPERATING REVENUE	\$4,134,357	\$4,430,289	\$4,798,977
D. Operating Expenses			
1. Salaries and Wages	\$2,288,070	\$2,302,753	\$2,359,959
2. Physician's Salaries and Wages	0	0	0
3. Supplies	427,229	437,857	436,070
4. Taxes	326,950	318,026	445,893
5. Depreciation	79,722	76,660	79,080
6. Rent	6,475	5,211	3,238
7. Interest, other than Capital	0	0	0
8. Management Fees:			
a. Fees to Affiliates	<u> </u>	<u> </u>	<u> </u>
b. Fees to Non-Affiliates	77,000	77,000	86,417
9. Other Expenses (Specify) See Exhibit 1	1,230,241	1,121,821	1,024,921
Total Operating Expenses	\$4,435,687	\$4,339,328	\$4,435,578
E. Other Revenue (Expenses) – Net (Specify)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)	\$(301,330)	\$ 90,961	\$ 363,399
F. Capital Expenditures			
1. Retirement of Principal	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
2. Interest	<u> </u>	<u> </u>	<u> </u>
Total Capital Expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$(301,330)	\$ <u>90,961</u>	\$ 363,399

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PROJECTED DATA CHART

November 25, 2015

2:45 pm

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2018</u>	<u>Year 2019</u>
A. Utilization Data (Specify unit of measure)	<u>30,660</u>	<u>32,485</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$7,578,948	\$8,360,658
2. Outpatient Services	<u>0</u>	<u>0</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue -Beauty Shop, Guest meals, etc.	<u>22,537</u>	<u>23,783</u>
Gross Operating Revenue	\$7,601,485	\$8,384,441
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$(896,447)	\$(841,332)
2. Provision for Charity Care	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>45,000</u>	<u>50,000</u>
Total Deductions	\$ (851,447)	\$ (791,332)
NET OPERATING REVENUE	\$8,452,932	\$9,175,773
D. Operating Expenses		
1. Salaries and Wages	\$3,094,492	\$3,194,454
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>865,625</u>	<u>957,810</u>
4. Taxes	<u>615,889</u>	<u>632,143</u>
5. Depreciation	<u>585,573</u>	<u>585,573</u>
6. Rent	<u>0</u>	<u>0</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Management Fees:		
a. Fees to Affiliates	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>82,500</u>	<u>84,563</u>
9. Other Expenses (Specify) <u>See Exhibit 1</u>	<u>1,803,517</u>	<u>2,329,877</u>
Total Operating Expenses	\$7,047,596	\$7,784,420
E. Other Revenue (Expenses) -- Net (Specify)	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING INCOME (LOSS)	\$1,405,336	\$1,391,353
F. Capital Expenditures		
1. Retirement of Principal	\$ <u>242,440</u>	\$ <u>251,212</u>
2. Interest	<u>489,820</u>	<u>481,048</u>
Total Capital Expenditures	\$ <u>732,260</u>	\$ <u>732,260</u>
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	\$ <u>673,076</u>	\$ <u>659,093</u>

November 20, 2015**9:45 am****Exhibit 1 – Template for “Other Operating Expenses”**

HISTORICAL DATA CHART-OTHER EXPENSES			
<u>OTHER EXPENSES CATEGORIES</u>	Year 2013	Year 2014	Year 2015
1. Contract Services	\$504,102.02	\$442,428.54	\$409,535.67
2. Equipment, Repairs & Maintenance	106,035.94	45,595.49	43,119.01
3. Utilities	68,612.26	73,298.61	80,619.42
4. Employee Benefits, Insurance, 401K, etc.	517,856.91	521,466.64	460,680.62
5. Travel/Training	19,637.72	30,454.14	21,801.26
6. Advertising	7,882.68	5,643.60	8,217.21
7. Penalties, Fees & Miscellaneous	6,113.43	2,933.94	948.12
Total Other Expenses	\$1,230,240.96	\$1,121,820.96	\$1,024,921.31

PROJECTED DATA CHART-OTHER EXPENSES		
<u>OTHER EXPENSES CATEGORIES</u>	Year 2018	Year 2019
1. Contract Services	\$827,996.31	\$1,177,415.91
2. Equipment, Repairs & Maintenance	46,812.00	62,699.00
3. Utilities	106,282.98	138,167.88
4. Employee Benefits, Insurance, 401K, etc.	774,767.33	897,130.06
5. Travel/Training	34,852.38	36,748.15
6. Advertising	10,750.00	15,569.00
7. Penalties, Fees & Miscellaneous	2,056.00	2,147.00
Total Other Expenses	\$1,803,517.00	\$2,329,877.00

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: The expected average gross charges, average deduction from operating revenue and the average net charge per patient day is as follows:

	Year 1	Year 2
Average gross charge	247.93	258.10
Average Deduction	30.36	25.90
Average net charge	278.29	284.00

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: Rates for Medicare and Medicaid have been adjusted upwards for 2015 and 2016. With implementation of the proposal which would provide additional beds, this would allow the facility to accept more skilled residents which would increase the revenue. For year 2015 as of October 2015, 55 skilled residents were turned away due to no available beds. This proposal would also add additional therapy space and equipment contributing to improved services and satisfaction allowing for better outcomes.

Proposed Charges:

Medicare -----	\$505
TennCare/Medicaid-----	\$215
TennCare/Medicaid(ICF)-----	\$208
Medically Indigent-----	\$0

Current Charges:

Medicare -----	\$410
TennCare/Medicaid-----	\$188
Medically Indigent-----	\$0

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: The 2013 Joint Annual Report (JAR) of Nursing Homes charge data contains the most currently available nursing home charge data. These charges were used to compare the current charges of the nursing homes in Humphreys County and other similar providers. Humphreys County numbers were put in as room charges not inclusive. Inclusive for Medicare Skilled is \$410.

Table 8
Daily Charge Comparisons

Facility	Medicare Skilled	Medicaid Level 1	Private Pay Level 1	Private Pay Semi-Private
Humphreys County	\$170	\$170	\$175	\$170
Waverly Health Care	\$406	\$157	\$198	\$188
Perry County	\$175	\$175	\$175	\$175
Signature HealthCare of Erin	\$187	\$187	\$190	\$190
Camden Health & Rehab	\$406	\$142	\$171	\$161

Source: 2013 Joint Annual Report of Nursing Homes

The proposed facility will contain 71 private rooms and more therapy space that can contribute to an increase in the Skilled level charges. The expected daily room charge in the new facility is expected to be \$505 for Medicare skilled rooms and \$215 Private Pay. These charges are similar to those currently in the service area.

Medicare pays nursing homes for Part A skilled nursing stays based on a prospective payment system, Resource Utilization Groups (RUGS), that categorizes each resident into a payment group depending upon his or her care and resource needs. Skilled nursing facilities determine a RUG based on 108 items on an assessment of the resident, known as the Minimum Data Set (MDS). The MDS becomes part of the patient's medical record. These 108 items are used to determine the RUG and the payment to the nursing home.

There are seven Major RUG categories: Extensive Services, Special Care, Clinically Complex, Impaired Cognition, Behavior Problem, and Reduced Physical Function. These categories are further divided into 44 subcategories, each has a different Medicare payment rate. Because all Medicare reimbursement is based on this prospective payment system, there is not a practical way to compare Medicare reimbursement to the facility's charges.

The Joint Annual Report Data (JAR) was used to compare the charges at Humphreys County with those of other nursing homes in the area. As shown in Table 6, the Medicare charges are below other nursing home charges and Medicaid charges are comparable to other nursing homes. The 2013 Joint Annual Report (JAR) of Nursing Homes charge data is the most current available nursing home charge data.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: As shown in the Projected Data Chart, the proposed project is expected to have a positive cash flow during its second year of operation. The expected utilization rate is sufficient to maintain a cost-effective facility.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: As shown in both the Projected Data Chart and the Historical Data Chart, the applicant has maintained a positive cash flow, and is expected to continue to do so after the proposed project is completed.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: The applicant will continue to participate in the Medicare, TennCare/Medicaid, and medically indigent care programs. During the second year of operation, gross revenue from each program is estimated to be:

Medicare -----	\$ 2,731,236
TennCare/Medicaid-----	\$ 3,547,772
Medically indigent-----	\$ -0-

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: The financial statements for Humphreys County Nursing Home are presented in Attachment C. Economic 10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Response: Because of the limited acreage of the current location, renovation of the current facility makes it impossible to add any private rooms or therapy, activities, dining or administrative space. Repair of the sewer system is imbedded in concrete and is in need of replacing. This renovation alone would require the facility to move current residents to other facilities in order to repair.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: During the planning of this project we did have some evaluation of the current site to add two 16 bed cottages on the current site but there was not enough acreage to continue with this possibility. It was determined at this time that new construction was the most feasible alternative and would result in a higher quality facility

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- 1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

Response: Humphreys County Nursing Home has transfer agreements with Three Rivers Hospital, hospice agencies covering Humphreys County, and participates in the following MCOs/BCOs – Amerigroup, United Healthcare Community Plan, and BlueCare Tennessee. Contracts are in place with local emergency services and laboratory services.

- 2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

Response: This applicant is requesting to replace this 50 year old facility with a 91 bed state-of-the-art facility at a new location one mile north of the current location. The effects of this proposal are only positive on the health care system.

There will be no duplication of services from this proposal since these services are currently provided by two nursing homes in the County. The implementation of this project will increase the accessibility to nursing home care to the residents of the service area. A new facility will provide private rooms to many of the residents currently residents at Humphreys County Nursing Home.

- 3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

Response: During FY 2014-2015, the facility was staffed with 79.7 FTEs. The clinical staffing was 52.34 FTEs and consisted of 2.48 Registered nurses, 15.41 Licensed Practical Nurses, 34.45 Certified Nursing Technicians and contracted 1.0 Physical Therapists, .25 Speech Therapists, 1.0 Occupational Therapists, and 1 Social Service Director. The remaining 26.36 FTEs were in non-clinical areas i.e., administration, dietary, housekeeping, etc. The facility was staffed at 6.99 paid hours per patient day.

During the second year of operation, the patient⁵⁶ care staffing (clinical) is expected to be 62.5 FTEs. This staff includes 3.4 Registered Nurses, 17.1 Licensed Practical Nurses, 42.00 Certified Nurse Technicians, 2.0 Physical Therapists, 1.0 Speech Therapist, 1.5 Occupational Therapists, and 1 Social Services. The planned direct nursing hours are 3.75 hours per patient day. The expected salary, compared to those of the 2013 Tennessee Department of Labor & Workforce Development, is presented in the following table.

Table 9
Salary Comparisons

Position	Expected Wage	Median Wage
Registered Nurse	\$22.93	\$27.10
Licensed Practical Nurse	\$18.18	\$17.31
Certified Nursing Technician	\$10.76	\$11.36
Physical Therapist	\$38.00	\$40.08
Speech Therapist	\$33.00	\$37.50
Occupational Therapist	\$33.00	\$39.37

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Response: The applicant has operated in the state for many years and has always been successful in attracting and retaining adequate professional and support staff. The expected total staffing, during the first year of operation is 95.5 FTEs. The applicant does not anticipate a problem in recruiting this staff.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.***

Response: The applicant has operated in the State of Tennessee for over 49 years. The management company has worked with nursing homes throughout Tennessee and has extensive operational and clinical training within the nursing home industry. Therefore the management company is very familiar with and understands all licensing and certification requirements of the State of Tennessee.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Response: This applicant is not planning to participate in the training of students.

7. (a) Please verify, as applicable, that the ⁵⁷applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response: As noted in the response to question 5, Humphreys County Nursing Home and the management company have extensive experience in long term care, and is familiar with the Tennessee Department of Health's licensure requirements. The facility will be certified for Medicare and Medicaid. The applicant understands the requirements of the various governmental authorities.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Humphreys County Nursing Home is licensed by the Tennessee Department of Health.

Certification: Centers of Medicare and Medicaid Services

Accreditation: N/A

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response: The applicant is in good standing with the Department of Health. A copy of the current license is presented in Attachment Orderly Development 7. (b). 1.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response: A copy of the last inspection, the corrective action plan and final clearance letter are presented in Attachment Orderly Development 7. (b) 2.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response: None

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

Response: None

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: The applicant currently provides and will continue to provide, appropriate agencies information concerning the number of patients treated, type of procedures performed and other data as required.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Response: Attached is the publication affidavit from the newspaper for proof of publication of the notice of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

Response: The chart is completed and attached.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Response: Because of the anticipated time required to complete this project, the applicant is requesting an extension of 12 months or a total time of 36 months.

Cost of Publication

\$51.25

Proof of Publication

PUBLICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. 168-11-1601 et seq., and the Rules of the Health Services and Development Agency that:

Humphreys County Nursing Home, operated by Humphreys County Nursing Home, a not-for-profit Tennessee corporation (the "applicant") intends to file an application for a Certificate of Need for: Change of Site/Relocation of 66 Beds from the original site located at 670 Highway 13 South, Waverly, Tennessee. The undeveloped property does not have an address. Its location is on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive. The new proposed site is approximately 15.4 acres. The project is requesting an additional twenty five (25) Nursing Home Beds. The estimated project cost is projected to be \$14,500,000.00.

The anticipated date of filing the application is November 10, 2015. The contact person for this project is Bill Sullivan, Administrator who may be reached at Humphreys County Nursing Home, 670 Highway 13 South, Waverly, Tennessee 37185 (931) 296-2532.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor

802 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. 168-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Publication Date: November 6,
2015.

STATE OF TENNESSEE, }

60
County of Humphreys County }

Personally appeared before me,

Betty J. Vetter

, a Notary Public

of Humphreys County, Tennessee, Ward Phillips, Publisher, or Kerry Lampley Asst. Advertising Manager, for THE NEWS DEMOCRAT, a weekly newspaper, affirm that the hereto attached duplication appeared in the same on the following dates,

November 6,

2015

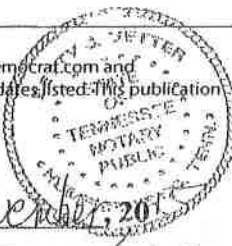
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Ward Phillips

This legal notice was published online at www.thenews-democrat.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with the Tennessee Code Annotated 1-3-120.



Subscribed and sworn to before me

on this 6 day of November, 2015

Betty J. Vetter

Notary Public

My Commission Expires

October 12, 2016

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): Feb. 17, 2015

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
<u>1. Architectural and engineering contract signed</u>	<u>210</u>	<u>09/2016</u>
<u>2. Construction documents approved by the Tennessee Department of Health</u>	<u>210</u>	<u>04/2017</u>
<u>3. Construction contract signed</u>	<u>30</u>	<u>05/2017</u>
<u>4. Building permit secured</u>	<u>31</u>	<u>06/2017</u>
<u>5. Site preparation completed</u>	<u>60</u>	<u>08/2017</u>
<u>6. Building construction commenced</u>	<u>31</u>	<u>09/2017</u>
<u>7. Construction 40% complete</u>	<u>120</u>	<u>01/2018</u>
<u>8. Construction 80% complete</u>	<u>90</u>	<u>04/2018</u>
<u>9. Construction 100% complete (approved for occupancy)</u>	<u>91</u>	<u>07/2018</u>
<u>10. *Issuance of license</u>	<u>60</u>	<u>09/2018</u>
<u>11. *Initiation of service</u>	<u>10</u>	<u>09/2018</u>
<u>12. Final Architectural Certification of Payment</u>	<u>91</u>	<u>12/2018</u>
<u>13. Final Project Report Form (HF0055)</u>	<u>60</u>	<u>02/2019</u>

*** For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

This Applicant is requesting 36 months to complete this project.

AFFIDAVITSTATE OF TNCOUNTY OF Humphreys

Sam W. Sullivan, being first duly sworn, says that ~~he~~/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Bill Sullivan
SIGNATURE/TITLE

Sworn to and subscribed before me this 9th day of November, 2015 a Notary
(Month) (Year)

Public in and for the County/State of Humphreys, TN.



Kathy G. Hayes
NOTARY PUBLIC

My commission expires Feb - 16, 2016.
(Month/Day) (Year)

ATTACHMENTS**TABLE OF CONTENTS**

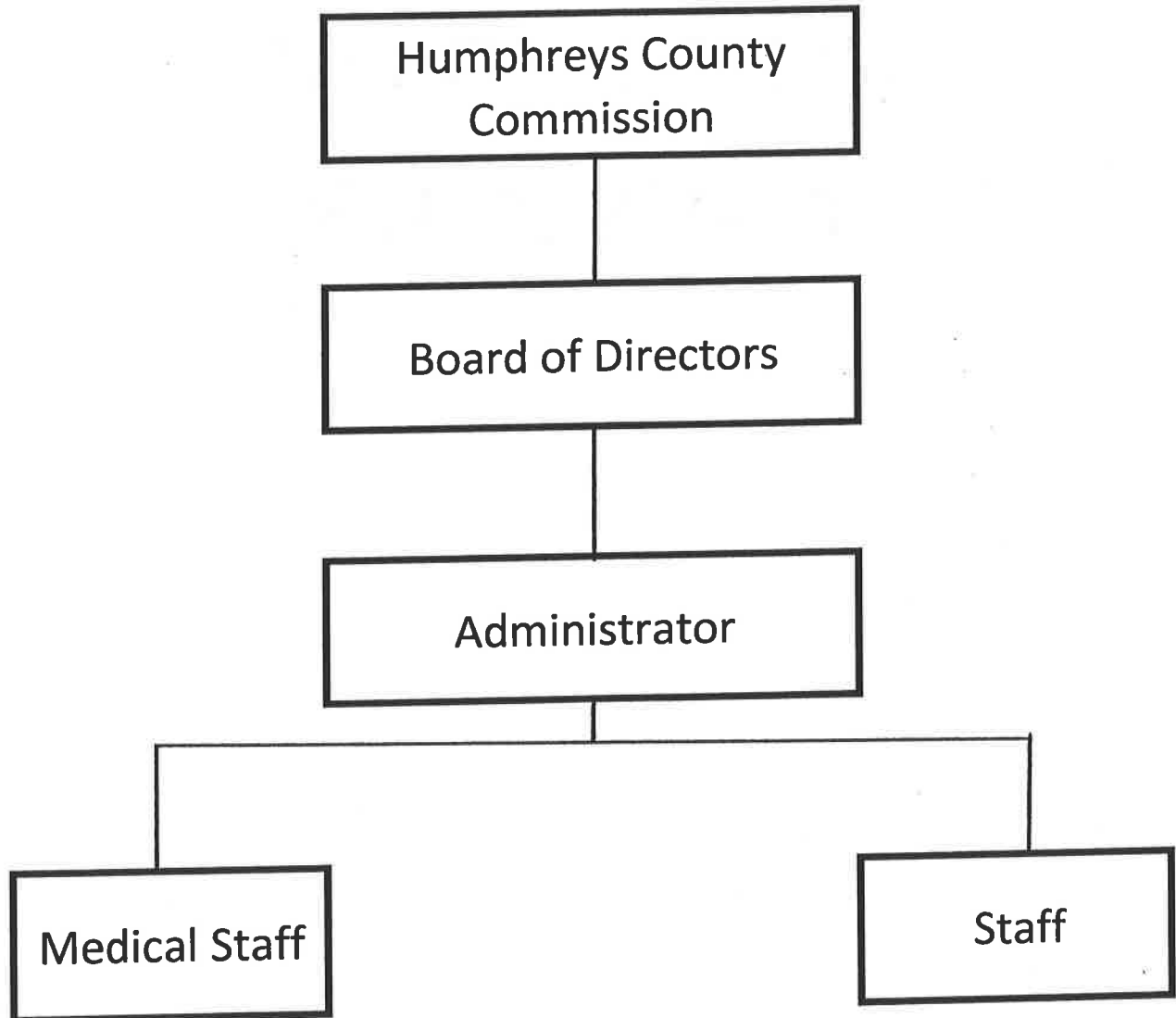
- 1) Attachment A.4.1 Copy of Charter & By-Laws
- 2) Attachment A.4.2 Corporate Organization Chart
- 3) Attachment A.5.1 Management Company Contract
- 4) Attachment A.6.1 Copy of Option to Purchase
- 5) Attachment B. Project Description Codes Letter
- 6) Attachment B. III.A. Plot Plan
- 7) Attachment B. IV. Floor Plan
- 8) Attachment Nursing Home Services A. 4. Service Area Map
- 9) Attachment Economic Feasibility 1 –Letter from project architect outlining the estimated construction cost
- 10) Attachment C, Economic Feasibility – 2. Letter from lending institution
- 11) Attachment C, Economic Feasibility 10. Financial Statements
- 12) Attachment Orderly Development 7. (b) 1. Copy of License
- 13) Attachment Orderly Development 7. (b) 2. Copy of Last Inspection, Corrective Action Plan, and Clearance Letter
- 14) Copy of Letter of Intent

ATTACHMENT A.4.2

CORPORATE ORGANIZATION

CHART

Humphreys County Nursing Home Corporate Organizational Chart



ATTACHMENT B.
PROJECT DESCRIPTION
CODES LETTER

HFR DESIGN

214 Centerview Dr.
 Suite 300
 Brentwood, TN 37027
 615-370-8500
 hfrdesign.com

November 9, 2015

Melanie M. Hill, Executive Director
 Tennessee Health Services and Development Agency
 Andrew Jackson Building, Ninth Floor
 502 Deaderick Street
 Nashville, TN 37243

**RE: Certificate of Need Application
 Humphreys County Nursing Home**

To Whom it May Concern:

This project will be designed to comply with applicable codes and licensing requirements. Below is the list of codes that are currently enforced for the Humphreys County Nursing Home Project and will be designed to comply with these regulations.

- **State of TN Department of Health Code Requirements:**
 - 2012 International Building Code (IBC)
 - 2012 LSC – NFPA – 101 Life Safety Code
 - 2012 International Fire Code (IFC)
 - 2012 International Plumbing Code (IPC)
 - 2012 International Mechanical Code (IMC)
 - 2009 International Energy Conservation Code (IECC)
 - 2011 National Electric Code (NEC)
 - 2012 International Fuel Gas Code
 - 1999 – 2004 North Carolina Accessibility Code with 2004 Amendments
 - 2004 ADA Americans with Disabilities Act Accessibility Guidelines
 - FGI (formerly AIA) Guidelines for Design and Construction of Hospital and Health Care Facilities
- **City of Waverly, TN Code Requirements:**
 - 2012 International Building Code (IBC) (Including appendix C, D, F)
 - 2011 National Electrical Code (NEC)
 - 2012 International Plumbing code (IPC) (Including appendix F)
 - 2012 International Mechanical Code (IMC) (Including appendix A)
 - 2012 International Fuel Gas Code (Including appendix C)

Should you have any questions or require further information, please do not hesitate to contact our office.

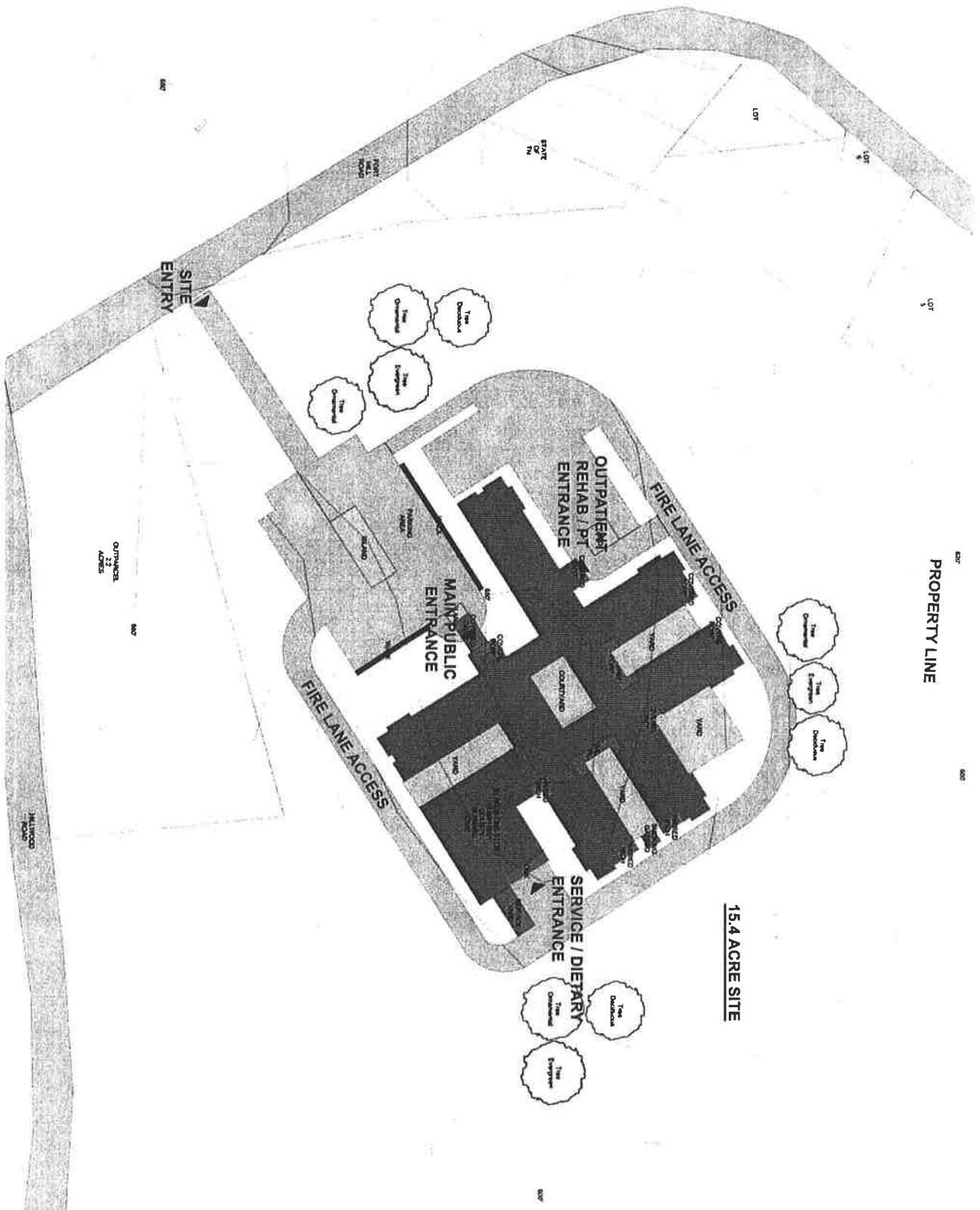
Sincerely,



Tom Testerman, NCARB, ACHA, EDAC
 Director of Planning

ATTACHMENT B. III. A.

PLOT PLAN



CONCEPTUAL SITE PLAN



ATTACHMENT B. IV.

FLOOR PLAN

November 20, 2015

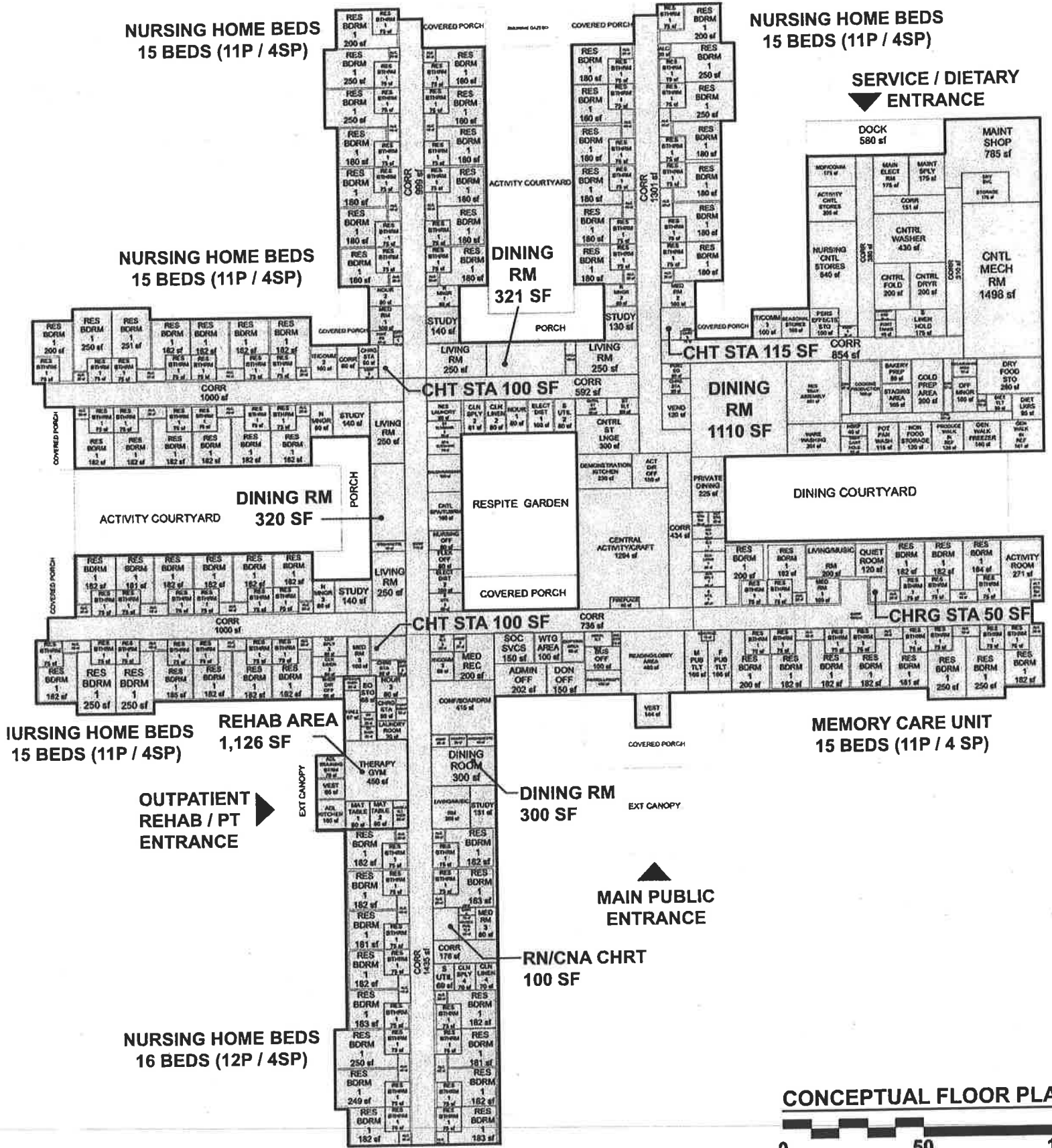
9:45 am

NURSING HOME BEDS
15 BEDS (11P / 4SP)

NURSING HOME BEDS
15 BEDS (11P / 4SP)

NURSING HOME BEDS
15 BEDS (11P / 4SP)

SERVICE / DIETARY
ENTRANCE



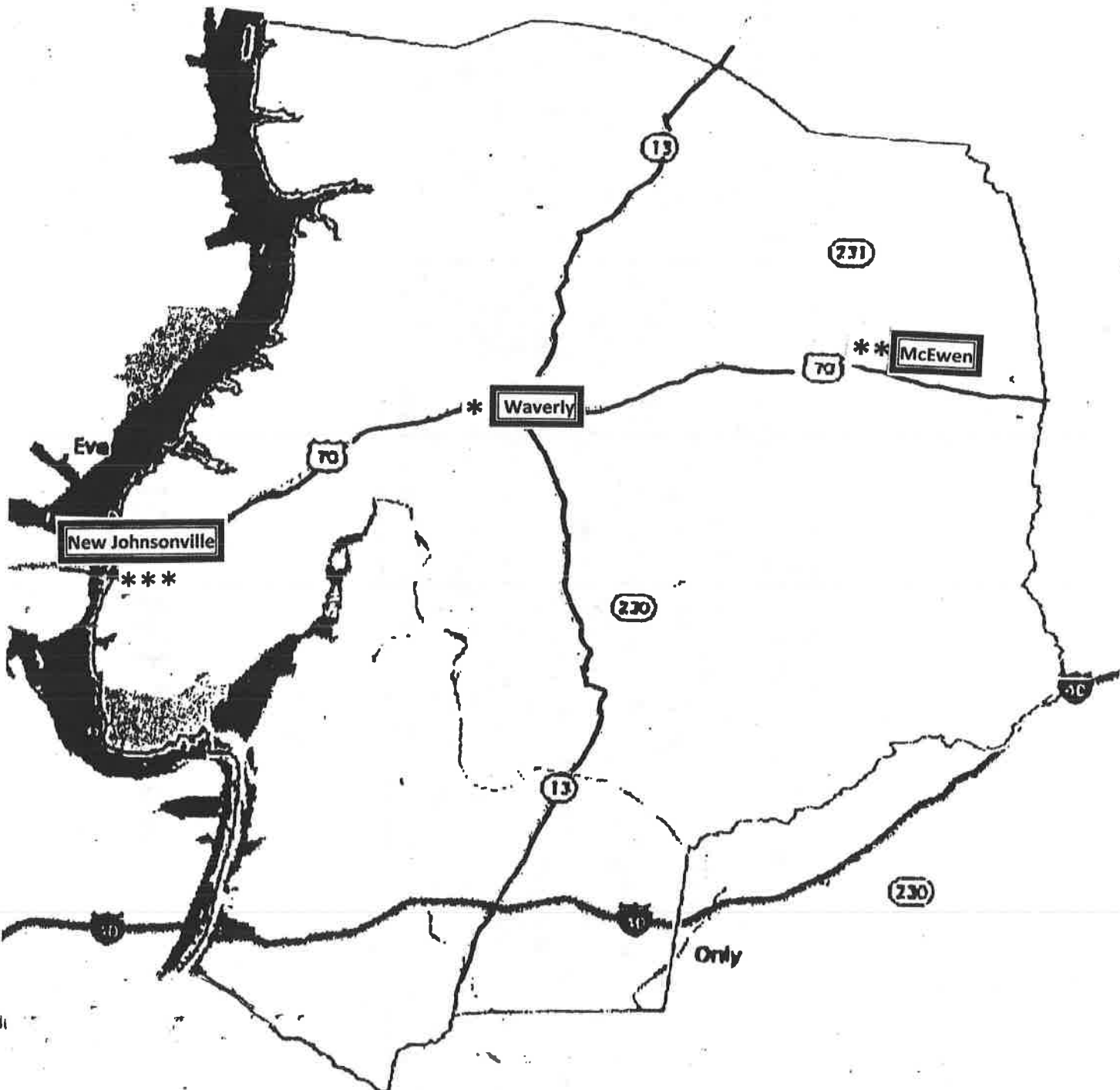
**ATTACHMENT NURSING HOME
SERVICES A. 4.
SERVICE AREA MAP**

Humphreys County

SUPPLEMENTAL #1

November 20, 2015

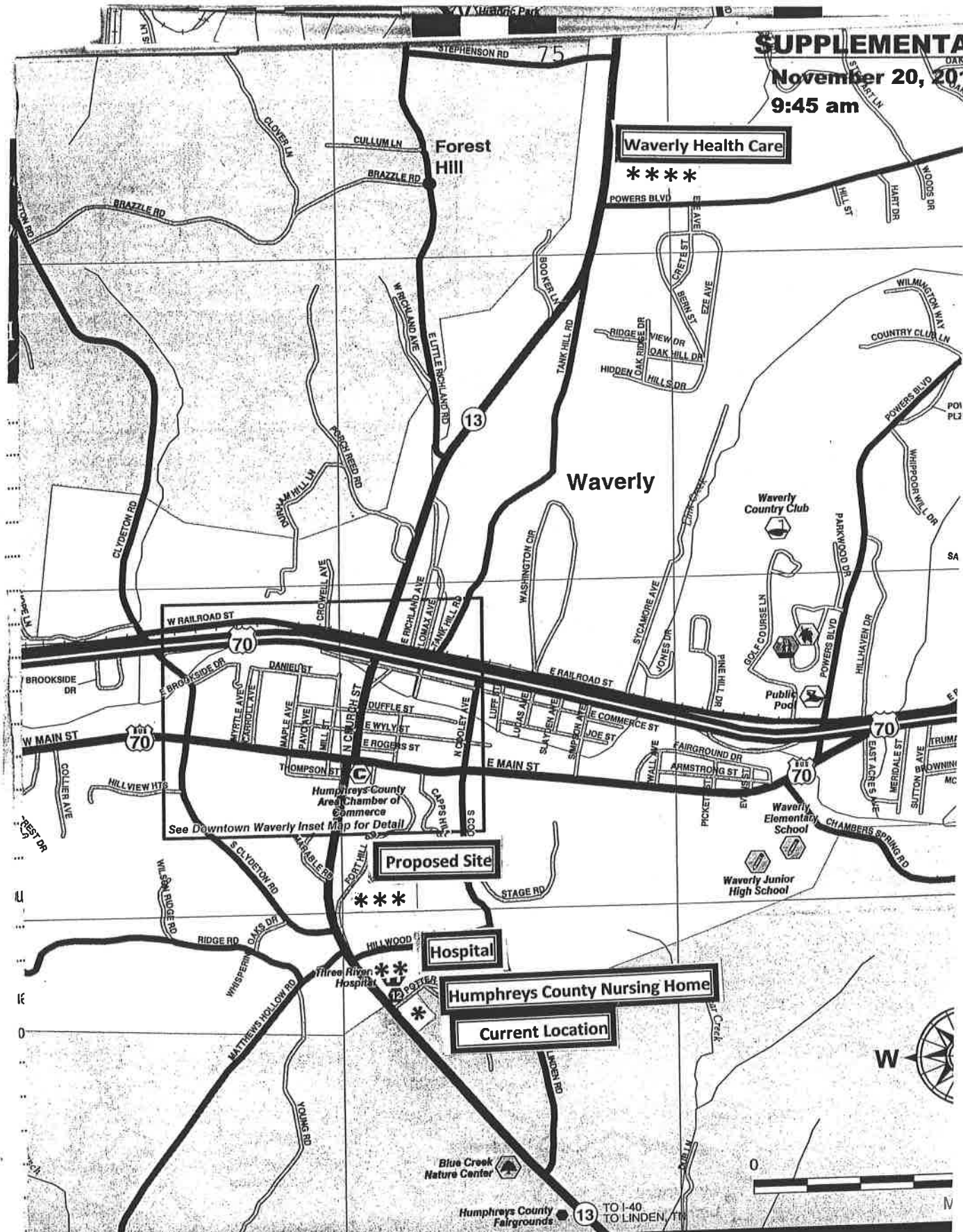
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SUPPLEMENTAL #1

November 20, 2015

9:45 am



- * Humphreys County Nursing Home
- ** Hospital
- *** Proposed Site
- **** Waverly Health Care

**ATTACHMENT ECONOMIC
FEASIBILITY 1 –
LETTER FROM PROJECT ARCHITECT
OUTLINING THE ESTIMATED
CONSTRUCTION COST**

HFR DESIGN

214 Centerview Dr.
Suite 300
Brentwood, TN 37027
615-370-8500
hfrdesign.com

November 9, 2015

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

**RE: Certificate of Need Application
Humphreys County Nursing Home**

To Whom it May Concern:

The project consists of new construction to create an approximately 60,000 SF replacement nursing home. Based on historical cost data of similar projects, we believe a reasonable estimate of project costs are outlined below:

Site Prep	\$1,200,000
Construction Cost	\$10,620,000
Contingency Fund	\$400,000
A/E Fee	\$637,200

Should you have any questions or require further information, please do not hesitate to contact our office.

Sincerely,



Tom Testerman, NCARB, ACHA, EDAC
Director of Planning

ATTACHMENT C, ECONOMIC FEASIBILITY – 2.

LETTER FROM LENDING INSTITUTION



Jacob Vial
Vice President
FHA Department

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Capital One Multifamily Finance 312.739.4903
77 W. Wacker Drive, Ste. 1100 capitalone.com
Chicago, Illinois 60601

November 5, 2015

Mr. Bill Sullivan
Nursing Home Administrator
Humphreys County Nursing Home
670 TN-13
Waverly, TN 37185

Subject: FHA Letter of Intent
Proposed Replacement Facility: Humphreys County Nursing Home ("The Facility")

Dear Mr. Sullivan:

Capital One Multifamily Finance, LLC "we" or "Lender" is pleased to offer a Letter of Intent for the construction and permanent financing of the Facility. This letter does not represent a commitment by the Lender or create any obligation whatsoever on Capital One's part. However, we believe that the transaction, as presented, is feasible and of low risk to the FHA Insurance Fund.

Lender will fund a construction and permanent loan pursuant to the following terms:

Developer:	Humphreys County Nursing Home
Borrower:	TBD single-asset entity
Facility Location:	Waverly, Tennessee
Number of Beds:	91 Skilled Nursing Beds
Target Loan Amount:	\$11,509,000
Minimum Debt Service Coverage:	1.45x based on amortized interest rate, plus MIP
Loan to Cost:	Up to 90% of HUD allowable Replacement Costs subject to DCR and Statutory per Unit Loan Limits.
Loan to Value:	Up to 85% LTV subject to appraisal and HUD approvals.



Target Interest Rate:	Construction and Permanent Loan will bear interest at a market rate. For underwriting purposes, a rate of 4.25% has been utilized.
Prepayment Terms:	A prepayment lockout for 2 years followed by a prepayment penalty of 8% the 3rd year declining by 1% per year through the 10th year. No penalty thereafter. Subject to market conditions at the time of rate lock.
Disbursement Conditions:	Disbursement contingent upon insured advances pursuant to the FHA Section 232 New Construction program.
Construction Term:	14 months – Interest Only
Permanent Term:	40 Years, fully amortizing
FHA Insurance Program:	232 New Construction
Security:	The loan shall be secured by a first lien on all project assets and the facility license.
Non-Recourse Loan:	This loan will be non-recourse, pursuant to the HUD Regulatory Agreement.
Lender Financing Fee:	Construction Loan: A fee equal to 1.5% of the mortgage amount, payable from Loan proceeds at Initial Endorsement.
Permanent Loan Fee:	A fee estimated at \$35,200 payable from Loan proceeds at Initial Endorsement. This Permanent Loan Fee includes the Processing Fee (\$7,500), Lender Legal (est. \$25,000), and GNMA fee (est. \$2,700).
Processing Fee:	\$7,500, Non Refundable, payable at Engagement and included in the Lender Permanent Loan Fee.
Closing/Lender Legal Fee:	Estimated at \$25,000, payable at Initial Endorsement and included in the Lender Permanent Loan Fee.
HUD Fees:	Application/Exam Fee is 0.30%; Inspection Fee is 0.50%; Mortgage Insurance Premium "MIP" is required. Currently, MIP is 77 basis points per annum for skilled nursing new construction transactions. 0.77% is collected at Initial Endorsement with an additional 0.77% billed on the one-year anniversary.

**Escrows:**

Reserve for Replacement:	HUD formula is $.006 \times \text{Structures Cost} + 0.1 \times \text{Major Movable Equipment Cost}$ as on-going annual reserve.
Working Capital:	4% of mortgage amount required by HUD, 2% of which constitutes hard cost contingency.
Operating Deficit Escrow:	To be determined upon final appraisal & HUD approval. Typical is 12 months of debt service or amount determined by appraisal, underwriter and HUD based upon projected absorption.
Debt Service Reserve Escrow:	To be determined upon final appraisal & HUD approval. Typical is 6 months of debt service or amount determined by appraisal, underwriter and HUD based upon projected absorption and market risk.
Tax & Insurance:	Required

The Lender's obligation to fund this loan is subject sponsor equity necessary to balance the sources & uses of funds. The Firm Commitment must be mutually acceptable to both the Lender and Borrower.

As a Vice President, the undersigned is authorized to execute this Letter of Intent on behalf of Capital One Multifamily Finance, LLC.

Very truly yours,

Capital One Multifamily Finance, LLC

A handwritten signature in dark ink, appearing to read "Jacob Vial", written over a horizontal line.

Jacob Vial, Vice President



SUPPLEMENTAL #1

November 20, 2016

9:45 am

HERITAGE BANK

P.O. Box 367 • CLARKSVILLE, TN 37041 • WWW.BANKWITHHERITAGE.COM

November 19, 2016

Dear Mr. Sullivan:

Heritage Bank is excited to discuss the opportunity to assist with the financing of the replacement of your facility in Waverly, Tennessee. This sounds like an exciting project that will clearly serve the Humphreys County area well by developing the care and services that today's seniors need and desire.

Subject to this project adhering to our applicable underwriting criteria, we are interested in working with you on the replacement of the Humphreys County Nursing Home. Based on our typical loan parameters, we anticipate that this project can support up to \$3,000,000 at an interest rate established at closing.

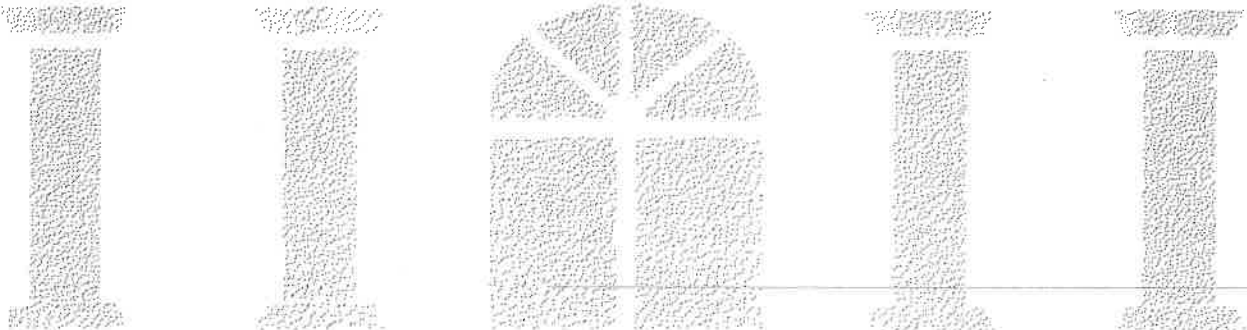
Also, the loan approval would be contingent on the issuance of a replacement facility Certificate of Need and financing issues at time of approval.

We appreciate this opportunity to be of assistance and if you need further clarification, please contact me at (615) 221-8919.

Sincerely,

David Vernich

Commercial Lender





FIRST TENNESSEE

Proposal for Financing Humphreys County Nursing Home September 9, 2015

Borrower:	Humphreys County Nursing Home
Loan Amount:	\$10,000,000 with advances not to exceed the lesser of 90% of total costs or 80% of the appraised value.
Purpose:	To finance the construction of a new 91-bed nursing home facility on 15.4 acres in Humphreys County.
Interest only:	24-month, interest-only construction period; the interest rate will float with New York Prime (currently 3.25%) +1% until completion of construction with interest only payments due monthly.
Rate Options:	1) 5-year fixed rate of 3.95% 2) 7-year fixed rate of 4.80%
Term:	20-year amortization with a 5- or 7-year fixed rate term upon completion of construction **25-year amortization will be acceptable if the LTV of the property is less than 75%.
Origination Fee:	None
Collateral:	To finance the construction of a new 91-bed nursing home facility on 15.4 acres in Humphreys County. Plans and specs, along with a construction budget prepared by a licensed general contractor will be required prior to approval.
Guarantors:	None
Conditions:	Debt service coverage ratio on the properties is to be $\geq 1.75x$, to be tested annually and calculated as the $[(\text{Net Operating Income} + \text{Noncash Addbacks}) / \text{Annual Debt Service}]$

Closing Costs: All customary closing costs will be paid by the Borrower, including, but not limited to, recording fees, taxes, flood certification, appraisal fees, title insurance, environmental, UUC-1 filings, and any other costs which may be reasonably required.

Reporting Requirements:

- Annual tax returns on the borrower to be provided within 15 days of the filing date.
- Annual internally prepared financial statements (including both an income statement and a balance sheet) are to be provided within 30 days of the fiscal year end.
- Occupancy reports are due quarterly within 15 days of the quarter-end.
- Third party inspections will be required during construction.

This is not a commitment to lend money or extend credit on behalf of the bank. This term sheet is for discussion purposes only and is subject to approval within the credit policies and guidelines of First Tennessee Bank.

**ATTACHMENT C, ECONOMIC
FEASIBILITY 10.
FINANCIAL STATEMENTS**

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2012 and 2013

Page 1

Account	Internal Humphreys CNH June-12	Internal Humphreys CNH June-13
Assets		
Cash	\$389,764	\$410,812
Investments	\$134,457	\$135,401
Accounts Receivables	\$791,573	\$381,576
Interest receivable	\$30	\$23
Prepaid Expenses	\$19,400	\$26,760
Inventory	\$0	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,441,648	\$1,581,336
Construction in progress	\$56,930	\$0
Accumulated Depreciation	(\$1,131,094)	(\$1,210,816)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$14,100	\$15,749
Total Assets	\$1,723,060	\$1,347,091

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2012 and 2013

Page 2

Account Liabilities and Capital	Internal Humphreys CNH June-12	Internal Humphreys CNH June-13
Accounts Payable	\$179,734	\$178,064
Notes Payable Insurance	\$16,484	\$19,661
Payroll taxes Payable	\$2,910	\$2,751
Other Accruals	\$12,238	\$12,238
Salary Accrual	\$0	\$0
Patient Trust Payable	\$14,100	\$15,749
Mortgage Payable	\$0	\$0
Retained Earnings (deficit) unrestricted	\$1,436,026	\$1,419,959
Current Earnings (loss)	\$61,568	(\$301,331)
Total Liabilities and Capital	\$1,723,060	\$1,347,091

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2012 and 2013

Page 3

Account	Internal Humphreys CNH June-12	PPD	Internal Humphreys CNH June-13	PPD
Revenue				
Medicare	\$877,046	\$407.55	\$811,013	\$377.57
Skilled Medicaid	\$169,771	\$152.67	\$65,608	\$156.21
Private IC	\$425,492	\$172.33	\$704,585	\$182.63

Private Sk	\$2,476,998	\$479.92	\$2,536,724	\$459.98
Intermediate Medicaid	\$0	\$0.00	\$0	\$0.00
Medicare Part B	\$9,579	\$0.41	\$10,208	\$0.43
Other Income	\$0	\$0.00	\$175	\$0.01
Contributions	\$0	\$0.00	\$0	\$0.00
Prior year (bad debts)/Recovery	\$4,306,662	\$183.22	\$4,201,828	\$178.81
Total Revenue				

Expenses

Nursing	\$1,777,016	\$75.60	\$1,800,085	\$76.60
Ancillary	\$324,455	\$13.80	\$320,872	\$13.65
Dietary	\$380,901	\$16.20	\$416,370	\$17.72
Laundry & Housekeeping	\$275,155	\$11.71	\$248,431	\$10.57
Maintenance	\$125,737	\$5.35	\$173,809	\$7.40
Utilities	\$85,268	\$3.63	\$91,631	\$3.90
Social Service & Activities	\$114,159	\$4.86	\$128,084	\$5.45
Administration	\$492,808	\$20.97	\$516,758	\$21.99
Depreciation & Amortization	\$44,722	\$1.90	\$79,722	\$3.39
Employee Costs	\$586,929	\$24.97	\$653,451	\$27.81
Rental Costs	\$8,892	\$0.38	\$6,476	\$0.28
	\$29,053		\$67,471	\$2.87
Total Costs	\$4,245,095	\$179.36	\$4,503,158	\$191.63
Net Profit (Loss)	\$61,568	\$3.86	(\$301,331)	(\$12.82)

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2012 and 2013

Page 4

	Internal Humphreys CNH June-12	Census	Internal Humphreys CNH June-13
Medicare	2,152		2,148
Sk Medicaid	1,112		420
Sk Pvt	100		52
IC Pvt	2,469		3,858
IC Medicaid	17,673		17,021
Total	23,506		23,499
Salaries Ratio Revenue	53.13%		54.69%
Salaries Ratio Expenses	53.90%		51.03%
	\$2,288,206		\$2,298,072

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2012 and 2013

Departmental Salaries

	2012		2013
Administrator	\$72,462.00	Contract	\$77,000.04
Administrative Asst	\$39,461.55		\$41,947.12
Admin Staff	\$29,011.38		\$38,713.20
DON	\$53,024.67		\$56,821.80
Pt Care Coord	\$41,787.85		\$43,466.23
MDS Coord	\$51,952.90		\$55,453.40
RN	\$64,872.94		\$65,519.94
LPN	\$473,337.60		\$480,018.61
Aides	\$772,777.62		\$780,706.00
Dietary Supervisor	\$26,390.74		\$33,762.51
Dietary other	\$146,784.90		\$154,588.93
Housekeeping	\$101,286.54		\$92,711.31
Laundry	\$56,769.96		\$48,647.33
Laundry Supervisor	\$0.00		\$3,340.80
Maintenance Super	\$31,122.54		\$25,298.28
Maintenance	\$12,933.32		\$37,092.21
Activities Director	\$33,830.51		\$36,004.19
Activities other	\$21,078.12		\$30,083.56
Social Service Dir	\$33,545.03		\$37,606.42
Beautician	\$15,968.35		\$15,898.89
All Department Berevement & Vac	\$55,511.93		\$74,301.78
All Department ETO	\$154,295.72		\$146,089.65
Totals	\$2,288,206.17		\$2,375,072.20

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2012 and 2013

Fixed Assets 2012

	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$72,213.11)	\$8,839.02
Building & improvements	\$849,544.07	(\$660,860.49)	\$188,683.58
Departmental equipment	\$502,276.05	(\$389,244.46)	\$113,031.59
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Construction in progress	\$56,930.00	\$0.00	\$56,930.00

	Totals	\$1,503,578.25	(\$1,131,094.06)	\$372,484.19
		Fixed Assets 2013		
		Cost	Accum Depr	Net book Value
Land		\$5,000.00		\$5,000.00
Land Improvements		\$81,052.13	(\$72,863.72)	\$8,188.41
Building & improvements		\$849,544.07	(\$679,284.13)	\$170,259.94
Departmental equipment		\$641,963.62	(\$449,891.98)	\$192,071.64
Copier		\$8,776.00	(\$8,776.00)	\$0.00
Construction in progress		\$0.00	\$0.00	\$0.00
	Totals	\$1,586,335.82	(\$1,210,815.83)	\$375,519.99

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Humphreys County Nursing Home, Inc.
Other Financial Data
Year ended June 30, 2013

Page 1

Administration Comparison	2013	2012	2011
Salaries Administrator	\$77,000	\$72,462	\$69,804
Salaries Administrative Asst	\$41,947	\$39,462	\$39,836
Salaries Admin Staff	\$38,713	\$29,011	\$28,469
ETO Admin	\$7,316	\$15,300	\$12,181
Vac/Sick/Hol - Admin	\$5,144	\$87	\$306
Insurance Liability	\$44,506	\$39,897	\$44,368
Legal fees	\$5,627	\$2,504	\$6,648
Accounting & Audit fees	\$46,229	\$34,577	\$32,875
Data Processing	\$11,433	\$8,106	\$3,847
Forms & Supplies Admin	\$16,102	\$21,566	\$17,007
Minor Equip Admin	\$2,028	\$3,600	\$7,363
Postage	\$1,886	\$1,717	\$1,354
Bank Charges	\$0	\$0	\$0
CMS Penalty	\$4,388	\$0	\$0
Contractors outside	\$24,753	\$28,001	\$16,950
Telephone/Internet	\$12,560	\$10,123	\$11,213
Cable TV	\$7,735	\$8,313	\$7,981
Training/Seminars	\$325	\$5,132	\$5,839
Travel Admin	\$549	\$169	\$193
Dues/Fees Admin	\$13,381	\$18,425	\$11,546
Advertising Help Wanted	\$3,920	\$720	\$696
Advertising general	\$3,963	\$4,278	\$3,978
Bed Tax	\$146,850	\$146,850	\$146,850
Taxes & licenses	\$0	\$1,694	\$2,960
Miscellaneous Expense	\$401	\$814	\$209
Totals	\$516,758	\$492,808	\$472,475

Humphreys County Nursing Home, Inc.

Financial Statements

Years ended June 30, 2013 and 2014

The attached statements are prepared from the books and records of the nursing home for the years end June 30, 2013 and 2014. They have been reviewed by an accountant whom specializes in nursing home accounting and cost reporting. The financials are prepared as a supplement to the regular in-house computer statements that the home can generate from its own accounting system. The data in these statements has been thoroughly reviewed and compared to outside documentation from Banks, payroll tax returns and statements from Medicaid. These statements can be used by the home to give banks or vendors interested in our performance when doing business with them. In the coming year a quarterly review will be performed that will provide similar statements throughout the year. Please review these statements carefully. If there are any questions please contact Wayne Franklin (618) 407-0127 or by e-mail at fhcwf@att.net or myself.

**Bill Sullivan
Administrator**

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2013 and 2014

Page 1

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-13
Assets		
Cash	\$526,570	\$410,812
Investments	\$136,046	\$135,401
Accounts Receivables	\$379,688	\$381,576
Interest receivable	\$13	\$23
Prepaid Insurance	\$13,992	\$26,760
Prepaid Other	\$67,422	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,604,246	\$1,581,336
Accumulated Depreciation	(\$1,287,476)	(\$1,210,816)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$12,965	\$15,749
Total Assets	\$1,459,718	\$1,347,091

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2013 and 2014

Page 2

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-13
Liabilities and Capital		
Accounts Payable	\$93,262	\$178,064
Notes Payable Insurance	\$0	\$19,661
Payroll taxes Payable	\$2,159	\$2,751
Other Accruals	\$40,882	\$12,238
ETO Accrual	\$100,861	\$0
Salary Accrual	\$0	\$0
Patient Trust Payable	\$12,965	\$15,749
Mortgage Payable		\$0
Retained Earnings (deficit) unrestricted	\$1,118,628	\$1,419,959
Current Earnings (loss) from Operations	\$191,822	(\$301,506)
(Loss) from Prior Period Adjustment	(\$100,861)	\$0
Total Liabilities and Capital	\$1,459,718	\$1,346,916

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2013 and 2014

Page 3

Account	Internal Humphreys CNH June-14	PPD	Internal Humphreys CNH June-13	PPD
Revenue				
Medicare	\$892,515	\$390.60	\$811,013	\$377.57
Skilled Medicaid	\$60,543	\$163.19	\$65,608	\$156.21
Private IC	\$618,338	\$170.15	\$704,585	\$182.63

Private Sk	\$2,885,629	\$259.17	\$2,598,724	\$259.98
Intermediate Medicaid	\$0	\$0.00	\$0	\$0.00
Medicare Part B	\$9,862	\$0.42	\$10,208	\$0.43
Other Income	\$34,287	\$1.45	(\$67,471)	(\$2.87)
(bad debts)/Recovery				
Total Revenue	\$4,430,288	\$186.87	\$4,134,182	\$175.93
Expenses				
Nursing	\$1,726,257	\$72.81	\$1,800,085	\$76.60
Ancillary	\$329,021	\$13.88	\$320,872	\$13.65
Dietary	\$411,692	\$17.37	\$416,370	\$17.72
Laundry & Housekeeping	\$194,182	\$8.19	\$248,431	\$10.57
Maintenance	\$115,312	\$4.86	\$173,809	\$7.40
Utilities	\$98,065	\$4.14	\$91,631	\$3.90
Social Service & Activities	\$130,081	\$5.49	\$128,084	\$5.45
Administration	\$506,015	\$21.34	\$516,758	\$21.99
Depreciation & Amortization	\$76,660	\$3.23	\$79,722	\$3.39
Employee Costs	\$645,973	\$27.25	\$653,451	\$27.81
Rental Costs	\$5,208	\$0.22	\$6,476	\$0.28
Total Operating Costs	\$4,238,467	\$178.78	\$4,435,687	\$188.76
Net Profit (Loss) from Operations	\$191,821	\$8.09	(\$301,506)	(\$12.83)
Prior period Adjustment ETO	\$100,861	\$4.25	\$0	\$0.00
Net Income (Loss)	\$90,960	\$3.84	(\$301,506)	(\$12.83)

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2013 and 2014

Page 4

	Internal Humphreys CNH June-14	Census	Internal Humphreys CNH June-13
Medicare	2,285		2,148
Sk Medicaid	371		420
Sk Pvt	36		52
IC Pvt	3,634		3,858
IC Medicaid	17,382		17,021
Total	23,708		23,499
Salaries Ratio Revenue	50.00%		55.59%
Salaries Ratio Expenses	52.27%		51.81%
Salaries inhouse	\$2,215,323		\$2,298,072

Humphreys County Nursing Home, Inc.
Other Financial Data
Year ended June 30, 2013

Page 1

Administration Comparison	2013	2014
Salaries Administrator	\$77,000	\$77,000
Salaries Administrative Asst	\$41,947	\$33,497
Salaries Admin Staff	\$38,713	\$50,698
ETO Admin	\$7,316	\$17,737
Vac/Sick/Hol - Admin	\$5,144	\$505
Insurance Liability	\$44,506	\$43,048
Legal fees	\$5,627	\$11,061
Accounting & Audit fees	\$46,229	\$26,033
Data Processing	\$11,433	\$9,365
Forms & Supplies Admin	\$16,102	\$16,997
Minor Equip Admin	\$2,028	\$730
Postage	\$1,886	\$1,533
Bank Charges	\$0	\$0
CMS Penalty	\$4,388	\$1,350
Contractors outside	\$24,753	\$18,833
Telephone/internet	\$12,560	\$15,979
Cable TV	\$7,735	\$7,220
Training/Seminars	\$325	\$2,269
Travel Admin	\$549	\$3,652
Dues/Fees Admin	\$13,381	\$11,872
Advertising Help Wanted	\$3,920	\$762
Advertising general	\$3,963	\$4,881
Bed Tax	\$146,850	\$146,850
Taxes & licenses	\$0	\$1,550
Miscellaneous Expense	\$401	\$605
Totals	\$516,758	\$504,026

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2013 and 2014

	Departmental Salaries	
	2014	2013
Administrator	\$77,000.04	Contract \$77,000.04
Administrative Asst	\$33,497.01	\$41,947.12
Admin Staff	\$50,697.65	\$38,713.20
DON	\$52,572.38	\$56,821.80
Pt Care Coord	\$39,096.37	\$43,466.23
MDS Coord	\$46,869.24	\$55,453.40
RN	\$53,872.89	\$65,519.94
LPN	\$447,780.01	\$480,018.61
Aides	\$752,565.29	\$780,706.00
Dietary Supervisor	\$37,145.21	\$33,762.51
Dietary other	\$148,216.35	\$154,588.93
Housekeeping	\$92,170.82	\$92,711.31
Laundry	\$21,011.31	\$48,647.33
Laundry Supervisor	\$28,637.32	\$3,340.80
Maintenance Super	\$36,041.97	\$25,298.28
Maintenance	\$24,666.96	\$37,092.21
Activities Director	\$31,829.92	\$36,004.19
Activities other	\$35,709.92	\$30,083.56
Social Service Dir	\$38,115.34	\$37,606.42
Beautician	\$13,431.14	\$15,898.89
All Department Berevement & Vac	\$58,793.98	\$74,301.78
All Department ETO	\$172,602.04	\$146,089.65
Totals	\$2,292,323.16	\$2,375,072.20

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2013 and 2014

	Fixed Assets 2014		
	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$73,779.78)	\$7,272.35
Building & improvements	\$852,744.07	(\$697,408.40)	\$155,335.67
Departmental equipment	\$661,673.77	(\$507,511.94)	\$154,161.83
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Totals	\$1,609,245.97	(\$1,287,476.12)	\$321,769.85

	Fixed Assets 2013		
	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$72,863.72)	\$8,188.41
Building & improvements	\$849,544.07	(\$679,284.13)	\$170,259.94
Departmental equipment	\$641,963.62	(\$449,891.98)	\$192,071.64
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Construction in progress	\$0.00	\$0.00	\$0.00
Totals	\$1,586,335.82	(\$1,210,815.83)	\$375,519.99

Humphreys County Nursing Home, Inc.

Financial Statements

Years ended June 30, 2014 and 2015

For Board of Directors:

The attached statements are prepared from the books and records of the nursing home for the years end June 30, 2014 and 2015. They have been reviewed by an accountant whom specializes in nursing home accounting and cost reporting. The financials are prepared as a supplement to the regular in-house computer statements that the home can generate from it's own accounting system. The data in these statements has been thoroughly reviewed and compared to outside documentation from Banks, payroll tax returns and statements from Medicaid. These statements can be used by the home to give banks or vendors interested in our performance when doing business with them. In the coming year a quarterly review will be performed that will provide similar statements throughout the year. Please review these statements carefully. If there are any questions please contact Wayne Franklin (618) 407-0127 or by e-mail at fhcwf@att.net or myself.

**Bill Sullivan
Administrator**

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2014 and 2015

Page 1

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-15
Assets		
Cash	\$526,570	\$857,161
Investments	\$136,046	\$136,523
Accounts Receivables	\$379,688	\$421,479
Interest receivable	\$13	\$15
Prepaid Insurance	\$13,992	\$0
Prepaid Other	\$67,422	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,604,246	\$1,688,331
Accumulated Depreciation	(\$1,287,476)	(\$1,357,745)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$12,965	\$14,940
Total Assets	\$1,459,718	\$1,766,954

Humphreys County Nursing Home, Inc.
Balance Sheet
June 30, 2014 and 2015

Page 2

Account	Internal Humphreys CNH June-14	Internal Humphreys CNH June-15
Liabilities and Capital		
Accounts Payable	\$93,262	\$89,300
Notes Payable Insurance	\$0	\$0
Payroll taxes Payable	\$2,159	\$1,498
Other Accruals	\$40,882	\$27,140
ETO Accrual	\$100,861	\$61,090
Salary Accrual	\$0	\$0
Patient Trust Payable	\$12,965	\$14,940
Mortgage Payable	\$0	\$0
Retained Earnings (deficit) unrestricted	\$1,118,628	\$1,209,589
Current Earnings (loss) from Operations	\$191,822	\$363,398
(Loss) from Prior Period Adjustment	(\$100,861)	\$0
Total Liabilities and Capital	\$1,459,718	\$1,766,954

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2014 and 2015

Page 3

Account	Internal Humphreys CNH June-14	PPD	Internal Humphreys CNH June-15	PPD
Revenue				
Medicare	\$892,515	\$390.60	\$713,829	\$410.48
Skilled Medicaid	\$60,543	\$163.19	\$59,250	\$198.16
Private IC	\$618,338	\$170.15	\$777,585	\$175.53
Private SK	\$9,114	\$253.17	\$195,927	\$188.21

Intermediate Medicaid	\$2,805,629	\$161.41	\$3,053,807	\$187.57
Medicare Part B	\$0	\$0.00	\$0	\$0.00
Other Income	\$9,862	\$0.42	\$10,005	\$0.42
(bad debts)/Recovery	\$34,287	\$1.45	(\$11,425)	(\$0.48)
Total Revenue	\$4,430,288	\$186.87	\$4,798,977	\$201.72

Expenses

Nursing	\$1,726,257	\$72.81	\$1,789,002	\$75.20
Ancillary	\$329,021	\$13.88	\$278,075	\$11.69
Dietary	\$411,692	\$17.37	\$414,687	\$17.43
Laundry & Housekeeping	\$194,182	\$8.19	\$221,808	\$9.32
Maintenance	\$115,312	\$4.86	\$109,319	\$4.60
Utilities	\$98,065	\$4.14	\$105,775	\$4.45
Social Service & Activities	\$130,081	\$5.49	\$130,499	\$5.49
Administration	\$506,015	\$21.34	\$630,393	\$26.50
Depreciation & Amortization	\$76,660	\$3.23	\$79,080	\$3.32
Employee Costs	\$645,973	\$27.25	\$670,953	\$28.20
Rental Costs	\$5,208	\$0.22	\$5,989	\$0.25
Total Operating Costs	\$4,238,467	\$178.78	\$4,435,579	\$186.45
Net Profit (Loss) from Operations	\$191,821	\$8.09	\$363,398	\$15.28
Prior period Adjustment ETO	\$100,861	\$4.25	\$0	\$0.00
Net Income (Loss)	\$90,960	\$3.84	\$363,398	\$15.28

Humphreys County Nursing Home, Inc.
Statement of Operations
For the years ended June 30, 2014 and 2015

Page 4

	Internal Humphreys CNH June-14	Census	Internal Humphreys CNH June-15
Medicare	2,285		1,739
Sk Medicaid	371		299
Sk Pvt	36		1,041
IC Pvt	3,634		4,430
IC Medicaid	17,382		16,281
Total	23,708		23,790
Salaries Ratio Revenue	50.00%		47.38%
Salaries Ratio Expenses	52.27%		51.26%
Salaries inhouse	\$2,215,323		\$2,273,542

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2014 and 2015

Departmental Salaries

	2014		2015
Administrator	\$77,000.04	Contract	\$86,417.00
Administrative Asst	\$33,497.01		\$35,995.01
Admin Staff	\$50,697.65		\$49,640.74
DON	\$52,572.38		\$53,709.71
Pt Care Coord	\$39,096.37		\$41,553.15
MDS Coord	\$46,869.24		\$45,689.92
RN	\$53,872.89		\$63,800.01
LPN	\$447,780.01		\$487,083.91
Aides	\$752,565.29		\$766,028.08
Dietary Supervisor	\$37,145.21		\$31,496.06
Dietary other	\$148,216.35		\$144,488.16
Housekeeping	\$92,170.82		\$107,101.22
Laundry	\$21,011.31		\$31,098.31
Laundry Supervisor	\$28,637.32		\$28,778.03
Enviromental Svcs Director	\$36,041.97		\$49,230.53
Maintenance	\$24,666.96		\$6,720.01
Activities Director	\$31,829.92		\$36,028.27
Activities other	\$35,709.92		\$39,306.87
Social Service Dir	\$38,115.34		\$36,376.91
Beautician	\$13,431.14		\$3,853.14
All Department Berevement & Vac	\$58,793.98		\$54,337.06
All Department ETO	\$172,602.04		\$161,226.70
Totals	\$2,292,323.16		\$2,359,958.80

Humphreys County Nursing Home, Inc.
Supplemental Schedule
Years ended June 30, 2014 and 2015

Fixed Assets 2014

	Cost	Accum Depr	Net book Value
Land	\$5,000.00		\$5,000.00
Land Improvements	\$81,052.13	(\$73,779.78)	\$7,272.35
Building & improvements	\$852,744.07	(\$697,408.40)	\$155,335.67
Departmental equipment	\$661,673.77	(\$507,511.94)	\$154,161.83
Copier	\$8,776.00	(\$8,776.00)	\$0.00
Totals	\$1,609,245.97	(\$1,287,476.12)	\$321,769.85

101

	Fixed Assets 2015		
	Cost	Accum Depr	Net book Value
Land	\$5,000.00	\$0.00	\$5,000.00
Land Improvements	\$81,052.13	(\$74,695.84)	\$6,356.29
Building & improvements	\$888,662.07	(\$716,110.80)	\$172,551.27
Departmental equipment	\$701,617.11	(\$566,938.28)	\$134,678.83
Construction in progress	\$17,000.00	\$0.00	\$17,000.00
Totals	\$1,693,331.31	(\$1,357,744.92)	\$335,586.39

Humphreys County Nursing Home, Inc.
Other Financial Data
Years ended June 30, 2014 and 2015

Page 1

Administration Comparison	2015	2014
Salaries Administrator	\$86,417	\$77,000
Salaries Administrative Asst	\$35,995	\$33,497
Salaries Admin Staff	\$49,641	\$50,698
ETO Admin	\$11,664	\$17,737
Vac/Sick/Hol - Admin	\$0	\$505
Insurance Liability	\$38,515	\$43,048
Legal fees	\$10,032	\$11,061
Accounting & Audit fees	\$20,460	\$26,033
Data Processing	\$12,109	\$9,365
Forms & Supplies Admin	\$16,243	\$16,997
Minor Equip Admin	\$1,430	\$730
Postage	\$1,286	\$1,533
Bank Charges	\$0	\$0
CMS Penalty	\$0	\$1,350
Contractors outside	\$25,751	\$18,833
Telephone/internet	\$16,452	\$15,979
Cable TV	\$8,257	\$7,220
Training/Seminars	\$5,108	\$2,269
Travel Admin	\$819	\$3,652
Dues/Fees Admin	\$8,396	\$11,872
Advertising Help Wanted	\$577	\$762
Advertising general	\$7,640	\$4,881
Bed Tax	\$269,697	\$146,850
Taxes & licenses	\$1,823	\$1,550
Insurance-Life	\$34,362	\$1,947
Insurance Employees Health	\$327,223	\$366,699
Insurance Workers Comp	\$64,352	\$61,413
Company Contr 401 K	\$38,089	\$32,318
Staff Appreciation	\$8,118	\$721
Miscellaneous Expense	\$71	\$605
Totals	\$1,100,529	\$967,125

Humphreys County Nursing Home, Inc.
Supplemental Schedule
3 Months ended September 30, 2014 and 2015

Departmental Salaries

	2014	2015
Administrator	\$19,250	\$24,900
Administrative other	\$19,862	\$23,915
DON	\$13,972	\$14,473
Nursing Admin other	\$21,945	\$22,002
RN	\$13,090	\$19,806
LPN	\$116,557	\$124,465
Aides	\$192,950	\$205,168
Dietary Supervisor	\$8,754	\$7,776
Dietary other	\$35,698	\$42,064
Housekeeping	\$26,105	\$28,937
Laundry	\$5,407	\$9,415
Laundry Supervisor	\$7,033	\$9,837
Enviromental Svcs Director	\$12,855	\$13,306
Maintenance	\$3,430	\$0
Activities Director	\$8,630	\$10,329
Activities other	\$9,724	\$10,963
Social Service Dir	\$9,322	\$9,833
Beautician	\$3,437	\$0
All Dept ETO/Bereavement/Vac	\$42,116	\$45,423
Totals	\$570,136	\$622,613

Humphreys County Nursing Home, Inc.
Supplemental Schedule
3 Months ended September 30, 2014 and 2015

Fixed Assets 9-2014

	Cost	Accum Depr	Net book Value
Land	\$5,000	\$0	\$5,000
Land Improvements	\$81,052	(\$74,009)	\$7,043
Building & improvements	\$865,744	(\$701,982)	\$163,762
Departmental equipment	\$668,532	(\$522,144)	\$146,388
Copier	\$8,776	(\$8,776)	\$0
Construction in progress	\$0	\$0	\$0

	Totals	\$1,629,105	(\$1,306,911)	\$322,194
		Fixed Assets 9-2015		
		Cost	Accum Depr	Net book Value
Land		\$5,000	\$0	\$5,000
Land Improvements		\$81,052	(\$74,925)	\$6,127
Building & improvements		\$888,662	(\$721,190)	\$167,473
Departmental equipment		\$707,670	(\$582,669)	\$125,001
Construction in progress		\$18,000	\$0	\$18,000
	Totals	\$1,700,384	(\$1,378,783)	\$321,601

Humphreys County Nursing Home, Inc.
Balance Sheet
September 30, 2014 and 2015

Page 1

Account	Internal Humphreys CNH September-14	Internal Humphreys CNH September-15
Assets		
Cash	\$649,098	\$846,272
Investments	\$136,166	\$136,643
Accounts Receivables	\$513,331	\$566,350
Interest receivable	\$13	\$13
Prepaid Expenses	\$79,888	\$79,559
Inventory	\$0	\$0
Land	\$5,000	\$5,000
Building and Equipment	\$1,624,105	\$1,677,384
Construction in progress	\$0	\$18,000
Accumulated Depreciation	(\$1,306,911)	(\$1,378,783)
Deposits	\$1,251	\$1,251
Patient Trust Funds	\$12,979	\$14,898
Total Assets	\$1,714,921	\$1,966,588

Humphreys County Nursing Home, Inc.
Balance Sheet
September 30, 2014 and 2015

Page 2

Account	Internal Humphreys CNH September-14	Internal Humphreys CNH September-15
Liabilities and Capital		
Accounts Payable	\$107,351	\$79,331
Accounts Payables Other	\$18,117	\$0
Notes Payable Insurance	\$59,067	\$57,576
Payroll taxes Payable	\$586	\$562
ETO Accrual	\$100,861	\$61,090
Other Accruals	\$108,044	\$106,617
Salary Accrual	\$0	\$0
Patient Trust Payable	\$12,979	\$14,898
Mortgage Payable	\$0	\$0
Retained Earnings (deficit) unrestricted	\$1,209,589	\$1,572,987
Current Earnings (loss)	\$98,326	\$73,527
Total Liabilities and Capital	\$1,714,921	\$1,966,588

Humphreys County Nursing Home, Inc.
Statement of Operations
For 3 Months ended September 30, 2014 and 2015

Page 3

Account	Internal Humphreys CNH September-14	PPD	Internal Humphreys CNH September-15	PPD
Revenue				
Medicare	\$254,358	\$418.35	\$194,874	\$381.36
Skilled Medicaid	\$21,005	\$198.16	\$0	\$0.00
Private IC	\$165,763	\$171.24	\$192,893	\$210.81
Private SK	\$2,890	\$170.00	\$25,643	\$253.89
Intermediate Medicaid	\$792,104	\$183.36	\$828,733	\$191.17
Medicare Part B	\$0	\$0.00	\$0	\$0.00
Other Income	\$1,843	\$0.31	\$2,056	\$0.35
Total Revenue	\$1,237,963	\$205.68	\$1,244,199	\$212.25
Expenses				
Nursing	\$442,885	\$73.58	\$492,204	\$83.97
Ancillary	\$105,534	\$17.53	\$90,480	\$15.44
Dietary	\$101,009	\$16.78	\$106,757	\$18.21
Laundry & Housekeeping	\$51,090	\$8.49	\$58,856	\$10.04
Maintenance	\$29,558	\$4.91	\$29,529	\$5.04
Utilities	\$27,694	\$4.60	\$22,347	\$3.81
Social Service & Activities	\$31,256	\$5.19	\$36,296	\$6.19
Administration	\$163,745	\$27.20	\$174,095	\$29.70
Depreciation & Amortization	\$19,435	\$3.23	\$21,038	\$3.59
Employee Costs	\$164,200	\$27.28	\$139,722	\$23.84
Rental Costs	\$3,900	\$0.65	\$1,151	\$0.20
Bad Debts(Recoveries)	(\$2,725)	(\$0.45)	(\$3,915)	(\$0.67)
Cable TV	\$2,057	\$0.34	\$0	\$0.36
Total Costs	\$1,139,637	\$189.45	\$1,170,673	\$200.01
Net Profit (Loss)	\$98,326	\$16.23	\$73,527	\$12.24

Humphreys County Nursing Home, Inc.
Statement of Operations
For 3 Months ended September 30, 2014 and 2015

Page 4

	Internal Humphreys CNH September-14	Census	Internal Humphreys CNH September-15
Medicare	608		511
Sk Medicaid	106		-
Sk Pvt	17		101
IC Pvt	968		915
IC Medicaid	4,320		4,335
Total	6,019		5,862
Bed Days Available	6,072		6,072
Occupancy Ratio	99.13%		96.54%

Humphreys County Nursing Home
91 Bed Replacement Facility
Check List CON October 2015

		FTE's At 6-30-2015	FTE's Projected	6 Mo Hrs 6/30/2015	Calculated FTE's	Total Wages	2015 Average Hrlly Rate	2 Aver: F
Administrator	Staff	1.00	1.00	1,040	1.00	\$44,720.00	\$43.00	
Other Administrative	Staff	2.45	3.00	2,549	2.45	\$48,641.09	\$19.08	
Dietary	Staff	8.70	10.50	9,048	8.70	\$96,362.80	\$10.65	
Housekeeping	Staff	5.77	6.25	5,999	5.77	\$57,729.08	\$9.62	
Laundry	Staff	4.21	5.00	4,376	4.21	\$43,532.45	\$9.95	
Plant	Staff	1.22	1.75	1,264	1.22	\$26,032.93	\$20.59	
DON & Staff	Staff	2.97	3.50	3,093	2.97	\$80,359.12	\$25.98	
RN's	Staff	1.29	2.00	1,343	1.29	\$39,342.92	\$29.29	
LPN's	Staff	13.63	15.00	14,177	13.63	\$263,436.64	\$18.58	
Aides	Staff	34.45	42.00	35,830	34.45	\$396,611.60	\$11.07	
PT	Contract							
OT	Contract							
ST	Contract							
Activities	Staff	3.00	4.00	3,123	3.00	\$40,007.03	\$12.81	
Social Services	Staff	1.04	1.50	1,086	1.04	\$19,542.19	\$17.99	

**ATTACHMENT ORDERLY
DEVELOPMENT 7. (B) 1.
COPY OF LICENSE**

Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000135

No. Beds 0066

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

THE HUMPHREYS COUNTY NURSING HOME to conduct

and maintain a Nursing Home HUMPHREYS COUNTY NURSING HOME

Located at 670 HIGHWAY 13 SOUTH, WAVERLY

County of HUMPHREYS, Tennessee.

This license shall expire SEPTEMBER 28, 2016 and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State

this 30TH day of JULY, 2015.



By *James J. Davis, MPH*
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By *[Signature]*
COMMISSIONER

**ATTACHMENT ORDERLY
DEVELOPMENT 7. (B) 2.**

**COPY OF LAST INSPECTION,
CORRECTIVE ACTION PLAN, AND
CLEARANCE LETTER**



State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 C Highway 45 Bypass
Jackson, Tennessee 38305
Telephone: (731) 984-9684
Fax: (731) 512-0063

November 18, 2014

Mr. Sam W. Sullivan, Administrator
Humphreys County Nursing Home
670 Highway 13 South
Waverly, TN 37185

**RE: COMPLIANCE NOTICE
CCN 445489**

Dear Mr. Sullivan:

The West Tennessee Regional Office of Health Care Facilities completed a recertification survey at your facility November 04, 2014.

Based on a review of your plan of correction for deficiencies, we are accepting your plan of correction and assume your facility is in compliance with all participation requirements as of 11/18/2014. This office is recommending recertification in the Medicare and/or Medicaid program.

If you have any questions or comments, please feel free to contact this office.

Sincerely,

Jan Priddy, RN
Public Health Nurse Consultant 2

JP/rm



State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975-C Highway 45 Bypass
Jackson, Tennessee 38305
Phone: (731) 984-9684
Fax: (731) 512-0063

FED EX #: 8731-1992-5670

IMPORTANT NOTICE – PLEASE READ CAREFULLY

(Receipt of this notice presumed to be 11/06/2014 – date emailed to facility.)

November 06, 2014

Mr. Sam W. Sullivan, Administrator
Humphreys County Nursing Home
670 Highway 13 South
Waverly, TN 37185

RE: Recertification Survey
CMS Certification # (CCN) 445489

Dear Mr. Sullivan:

A recertification survey was conducted at your facility by the West Tennessee Regional Office of Health Care Facilities on **November 3-4, 2014**, to determine if your facility was in compliance with Federal participation requirements for Nursing Homes participating in the Medicare and/or Medicaid Programs. The health portion of the survey found that your facility was **not in substantial compliance with the participation requirements.**

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

PLAN OF CORRECTION (POC)

A POC for the deficiencies must be submitted by **November 16, 2014**. Failure to submit an acceptable POC by **November 16, 2014**, may result in the imposition of remedies by **December 04, 2014**. The Plan of Correction (POC) must be signed, dated and returned to this office. You may email or fax the POC to meet your deadline; but the faxed/e-mailed

copy will be held until the original is received by mail. A plan of correction must be submitted on the right side of the **CMS Form 2567**, dated and signed before it is considered "acceptable". It cannot be an attachment. Whenever possible, please contain your plan of correction response to Form 2567 furnished to you. In the event you need additional space, you may continue your response on your letterhead or plain stationery with the name of your facility, address and other identifying information.

The POC must respond to the following:

- What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;
- How will you identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;
- What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

If you do not achieve substantial compliance by **December 04, 2014**, this office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the state Medicaid agency that enforcement remedies be imposed:

CIVIL MONEY PENALTY OF \$50 TO \$3000 PER DAY, EFFECTIVE THE LAST DAY OF SURVEY

All references to regulatory requirements contained in this letter are found in the Title 42, Code of Federal Regulations.

MANDATORY REMEDIES:

If substantial compliance is not achieved within three (3) months after the last day of the survey (**February 04, 2015**) identifying noncompliance, the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions. This office will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **May 04, 2015**, if substantial compliance is not achieved by that time.

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination, or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

INFORMAL DISPUTE RESOLUTION (IDR):

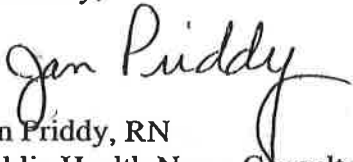
In accordance with 488.331, you have one opportunity to question cited deficiencies. The facility must submit this written request within ten (10) days after the date that the facility receives the statement of deficiencies.

Upon receiving the facility's request to participate, the state survey agency shall perform a desk review for all deficiencies unless the facility requests a face-to-face IDR. Desk reviews will be conducted by the regional office that cited the deficiency. A facility may request a face-to-face IDR to be conducted before a panel but only for substandard or immediate jeopardy level deficiencies. In making a request to participate in the IDR process (desk review or face-to-face), a facility's request must be accompanied by the following: a short, plain statement of the facts containing the reasons for requesting participation in the IDR process; a copy of the CMS 2567 form; a summary of the facility's dispute with the cited deficiencies stating that the deficiency should not have been cited and the reasons for this assertion; proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) supporting the facility's position disputing the deficiencies; and a plan of corrective action.

Should the facility request a face-to-face IDR, then the facility shall submit the following additional information: a list of individuals who intend to appear at the face-to-face IDR (should one be requested for substandard and/or immediate jeopardy deficiencies); and proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) specifically disputing the scope and severity of the cited immediate jeopardy or substandard deficiencies. If the facility is requesting a desk review in addition to a face-to-face IDR, the facility must submit two separate requests with their plan of correction to the West Tennessee Regional Office of Health Care Facilities at the address on this letter or by fax at (731) 512-0063. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions concerning the instructions contained in this letter, please contact me at the number provided in this letter.

Sincerely,



Jan Priddy, RN
Public Health Nurse Consultant 2

JP/rm



Enclosure: CMS Form 2567

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/06/2014
FORM APPROVED
OMB NO. 0938-0391

115

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 441 SS=E	<p>483.65 INFECTION CONTROL, PREVENT SPREAD, LINENS</p> <p>The facility must establish and maintain an Infection Control Program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of disease and infection.</p> <p>(a) Infection Control Program The facility must establish an Infection Control Program under which it - (1) Investigates, controls, and prevents infections in the facility; (2) Decides what procedures, such as isolation, should be applied to an individual resident; and (3) Maintains a record of incidents and corrective actions related to infections.</p> <p>(b) Preventing Spread of Infection (1) When the Infection Control Program determines that a resident needs isolation to prevent the spread of infection, the facility must isolate the resident. (2) The facility must prohibit employees with a communicable disease or infected skin lesions from direct contact with residents or their food, if direct contact will transmit the disease. (3) The facility must require staff to wash their hands after each direct resident contact for which hand washing is indicated by accepted professional practice.</p> <p>(c) Linens Personnel must handle, store, process and transport linens so as to prevent the spread of infection.</p>	F 441	<p><u>F441</u> 1) On 11/10/14 the Director of Nursing (DON) reviewed McGeer criteria, RAI manual Section I: Active Diagnosis: Urinary Tract Infections, CDC: UTIs protocol, and definition of Empiric Treatment with Nursing management staff. The DON reviewed the Surveillance policy with Infection Control Nurse on 11/10/14. A mandatory in-service will be held on 11/18/2014 for all RN and LPN staff to review all of the above and any RN or LPN not attending mandatory in-service will not be allowed to work until they have completed in-service. The Medical Director issued a standing order, Urinalysis with Culture and Sensitivity will not be obtained routinely for confusion unless a resident has at least one symptom of UTI present (difficult or painful urination, flank/back pain, fever, or vomiting). This will be reviewed with staff on 11/18/2014. See Attachment.</p> <p>2) On 11/11/14 the Infection Control Nurse & Medical Director reviewed all UTIs</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER/REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 11/04/2014
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NAME OF PROVIDER OR SUPPLIER

HUMPHREYS CO NURSING HOME

STREET ADDRESS, CITY, STATE, ZIP CODE

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 441	<p>Continued From page 1</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on review of the facility's list of nosocomial infections and interview, it was determined the facility failed to implement interventions to address the tracking and trending urinary tract infection (UTI) results for 4 of 4 (July, August, September and October 2014) months reviewed.</p> <p>The findings included:</p> <ol style="list-style-type: none"> 1. Review of the facility's list of nosocomial infections dated July, 2014 documented 3 residents on the east hall with UTIs, 1 resident on the center hall with a UTI and 2 residents on the west hall with UTIs. Total UTIs for July 2014 was 6. 2. Review of the facility's list of nosocomial infections dated August, 2014 documented 8 residents on the east hall with UTIs, 4 residents on the center hall with a UTI and 1 resident on the west hall with a UTI. Total UTIs for August 2014 was 13. 3. Review of the facility's list of nosocomial infections dated September, 2014 documented 2 residents on the east hall with UTIs, 1 resident on the center hall with a UTI and 3 residents on the West hall with UTIs. Total UTIs for September 2014 was 6. 4. Review of the facility's list of nosocomial infections dated October, 2014 documented 2 residents on the east hall with UTIs, 1 resident on the center hall with a UTI and 4 residents on the west hall with UTIs. Total UTIs for October 2014 was 7. 	F 441	<p>since July 2014 for appropriate medical treatment. All pathogens were reviewed for trending and cross contamination. None were identified. Escherichia coli was the prevailing organism. Staff has been observed by DON and Infection Control Nurse on the following days 11/7/14, 11/10/14 & 11/11/14 while doing pericare and foley catheter care with no variance noted. Total of 20 residents observed 14 were over age 85 and 19 residents were female and 1 was male.</p> <p>3) On 11/10/14 DON will ensure the facility's policy for surveillance is followed when reviewing UTIs. On 11/10/14 DON will begin using the following monitoring tools: Urinary Tract Infections Quality Improvement Tool on a quarterly basis for 6 months, then annually. If a female resident is identified with atrophy vaginitis which contributes to E. Coli colonization in post-menopausal females topical</p>	

Division of Health Care Facilities

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	<p>1200-8-6-.14(2)(a)5.(ii) Disaster Preparedness</p> <p>(2) Physical Facility and Community Emergency Plans.</p> <p>(a) Physical Facility (Internal Situations).</p> <p>5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years.</p> <p>(ii) External disaster procedures plan (for tornado, flood, earthquake), to be exercised prior to March, shall include:</p> <p>(I) Staff duties by department and job assignment; and,</p> <p>(II) Evacuation procedures.</p> <p>This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual tornado, flood, and earthquake drills.</p> <p>The findings included:</p> <p>During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct an annual tornado, flood and earthquake drill for any shift.</p> <p>This finding was verified by the maintenance supervisor and acknowledged by the</p>	N1410	<p>N1410 1) On 11/12/14 at 2 pm the Maintenance Director</p> <p>N1411 conducted a bomb threat drill with the front office staff. On 11/7/14 Administrator reviewed expectations of annual drills with Maintenance Director. See attachment.</p> <p>2) Beginning 11/10/14 Maintenance Director will schedule annual bomb threat drill during the month of June each year.</p> <p>3) Maintenance Director will use the Bomb threat form to record drill and will report outcomes at each QAPI committee meeting.</p> <p>4) Beginning 11/10/14, the Administrator will report the outcomes of each drill to the quarterly QAPI committee meetings. Next QAPI committee meeting is 11/25/2014. At the next meeting the Administrator will report to the Governing Body concerning outcomes of each</p>	

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

6890

YK8C21

continuation sheet 1 of 3

Division of Health Care Facilities

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSE B. WING: _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	Continued From page 1 administrator during the exit conference on 11/3/14.	N1410	drill and how well staff members responded. This will be ongoing during the month of occurrence.	
N1411	1200-8-6-.14(2)(a)5.(iii) Disaster Preparedness (2) Physical Facility and Community Emergency Plans. (a) Physical Facility (Internal Situations). 5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years. (iii) Bomb Threat Procedures Plan, to be exercised at any time during the year: (I) Staff duties by department and job assignment; and, (II) Search team, searching the premises.	N1411		
	This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual bomb threat drills. The findings included: During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct annual			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/09/2014
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	Continued From page 2 5. There was 1 resident on the east hall with a recurring UTI in 4 of the 4 months reviewed and 2 residents with a recurring UTI in 2 of the 4 months reviewed. There were 2 residents on the center hall with a recurring UTI in 2 of the 4 months reviewed. There was 1 resident on the west hall with a recurring UTI in 3 of the 4 months reviewed and 1 resident with a recurring UTI in the same month. 6. During an interview in the Director of Nursing (DON's) office on 11/4/14 at 3:30 PM, the Infection Control Coordinator was asked about the list of residents with infections and how she tracks and trends the infections. The Infection Control Coordinator stated, "We do not call them a UTI unless they meet CDC [Center for Disease Control] guidelines. They have to have 3 of the symptoms like flank pain, nausea and vomiting, fever. If they have a catheter they have to have 2 of the symptoms to be called a UTI. I put them on the sheet so I can track them. I mark that they do not meet CDC guidelines on there. If I put a star on it then that alerts me that they have met the guidelines and do have a UTI." The Infection Control Coordinator was asked how she tracks and trends the infections in each hall of the building to know if the residents are in close proximity or being cared for by the same staff member. The Infection Control Coordinator stated, "I know their room numbers even though I don't put them [room numbers] on there [list]. I used to use the map and color code it but I don't use that anymore since we started using this one [list]." During an interview in the DON's office on 11/4/14 at 3:50 PM, the DON was asked what was done	F 441	Estrogen to labia will be considered. See Attachment. 4) Beginning 11/10/14, the DON will report the outcomes of the monitoring of UTIs to the quarterly QAPI committee meetings. Next QAPI committee meeting is 11/25/14. The Administrator will report to the Governing Body concerning monitoring outcomes on a quarterly basis beginning next quarterly meeting. This will be ongoing. 1) On 11/10/14 at 2pm the Maintenance Director called a tornado drill with evacuation of some residents. On 11/11/14 at 3pm the Maintenance Director conducted a flood & earthquake drill with facility staff. On 11/7/14 Administrator reviewed expectations of annual drills with Maintenance Director. See attachment.		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/04/2014
FORM APPROVED
OMB NO. 0938-0391

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 11/04/2014
NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	Continued From page 3 to decrease infections when the UTI's specifically pathogen Escherichia Coli (E-Coli) were identified in specific areas or halls in the facility. We have done some education, but I see what you are talking about. We in-serviced in September [2014] and October [2014] on handwashing and flu and pneumonia. We have to do more in QA PI [Quality Assurance and Process Improvement] and have a plan to decrease the pathogens. We can make that... increasing staff education on pericare and catheters with return demonstration, and reducing the amount of urine we collect a PI project." The facility failed to implement interventions to address tracking and trending of monthly infection results.	F 441	2) Beginning 11/10/14 Maintenance Director will schedule annual drills- tornado, flood & bomb- during the months of March & April each year. 3) Maintenance Director will use the disaster drill form to record all types of drills and will report outcomes at each QAPI committee meeting. 4) Beginning 11/10/14, the Administrator will report the outcomes of each drill to the quarterly QAPI committee meetings. Next QAPI committee meeting is 11/25/2014. The Administrator will report to the Governing Body concerning outcomes of each drill and how well staff members responded beginning next quarterly meeting. This will be ongoing during the month of occurrence.		

Division of Health Care Facilities

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1411	Continued From page 2 bomb threat drills on any shift. This finding was verified by the maintenance supervisor and acknowledged by the administrator during the exit conference on 11/3/14.	N1411		

Division of Health Care Facilities

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING: _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	<p>1200-8-6-.14(2)(a)5.(ii) Disaster Preparedness</p> <p>(2) Physical Facility and Community Emergency Plans.</p> <p>(a) Physical Facility (Internal Situations).</p> <p>5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years.</p> <p>(ii) External disaster procedures plan (for tornado, flood, earthquake), to be exercised prior to March, shall include:</p> <p>(I) Staff duties by department and job assignment; and,</p> <p>(II) Evacuation procedures.</p> <p>This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual tornado, flood, and earthquake drills.</p> <p>The findings included:</p> <p>During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct an annual tornado, flood and earthquake drill for any shift.</p> <p>This finding was verified by the maintenance supervisor and acknowledged by the</p>	N1410		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

TITLE

ADMINISTRATOR

(X6) DATE

11/12/2014

6800

YK8C21

If continuation sheet 1 of 3

Division of Health Care Facilities

123

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4302	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 77 - LICENSURE B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME	STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1410	Continued From page 1 administrator during the exit conference on 11/3/14.	N1410		
N1411	1200-8-6-.14(2)(a)5.(iii) Disaster Preparedness (2) Physical Facility and Community Emergency Plans. (a) Physical Facility (Internal Situations). 5. Each of the following disaster preparedness plans shall be conducted annually prior to the month listed in the plan. Drills are for the purpose of educating staff, resource determination, testing personnel safety provisions and communications with other facilities and community agencies. Records which document and evaluate these drills must be maintained for at least three (3) years. (iii) Bomb Threat Procedures Plan, to be exercised at any time during the year: (I) Staff duties by department and job assignment; and, (II) Search team, searching the premises. This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to conduct annual bomb threat drills. The findings included: During an interview in the maintenance shop on 11/3/14 at 11:45 AM, the maintenance director confirmed the facility had failed to conduct annual	N1411		

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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

HUMPHREYS CO NURSING HOME

670 HIGHWAY 13 SOUTH
WAVERLY, TN 37185

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N1411	Continued From page 2 bomb threat drills on any shift. This finding was verified by the maintenance supervisor and acknowledged by the administrator during the exit conference on 11/3/14.	N1411		

Division of Health Care Facilities

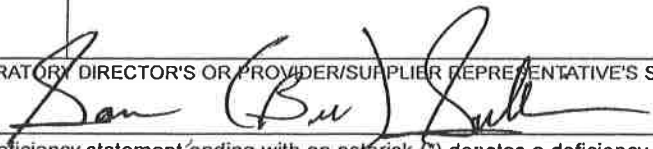
DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445489	125 (X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 11/03/2014
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NAME OF PROVIDER OR SUPPLIER HUMPHREYS CO NURSING HOME	STREET ADDRESS, CITY, STATE, ZIP CODE 670 HIGHWAY 13 SOUTH WAVERLY, TN 37185
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K9999	FINAL OBSERVATIONS During the recertification survey completed on 11/3/14, this facility was found to be in compliance with the requirements of the National Fire Protection Association (NFPA) 101, Life Safety Code, 2000 edition, Chapter 19, existing Health Care Occupancies.	K9999		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE 	TITLE ADMINISTRATOR	(X6) DATE 11/12/2014
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Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Supplemental #1 -COPY-

Humphrey's County
Nursing Home

CN1511-049

HUMPHREYS COUNTY NURSING HOME

SUPPLEMENTAL INFORMATION

CERTIFICATE OF NEED
APPLICATION CN1511-049
NOVEMBER 10, 2015

1. Section A, Applicant Profile, Item 5 (Management Entity)

The response with additional remarks provided on page 5 is noted. Review of the attached Management Agreement between the applicant and Key Management Associates, LLC effective February 1, 2015 revealed the management, consulting and advisory responsibilities of the manager. However, the scope, amount, and frequency of payment of the management fee are unclear. Is the manager paid a fixed amount on a periodic basis, on the basis of a percentage of net operating income, net collections, or other method? Please clarify.

As additional background information, please also identify other nursing homes managed by Key Management Associates in TN with respect to names, addresses, # beds, current license status and initial effective date of management contract.

Response:

The Key Management agreement with Humphreys County Nursing Home is a fixed amount on a monthly payment basis: \$8,300.00 per month.

Currently Humphreys County Nursing Home is the only Management Contract for Key Management Associates but have ten (10) consulting agreements with the following facilities:

Overton County Nursing Home, Livingston, TN, 125 beds, agreement effective 11-29-2012
 Bledsoe Nursing Home, Pikeville TN, 50 beds, agreement effective 8-28-2014
 Quality Health and Rehab Center, Lebanon TN, 280 beds, agreement effective 2-6-2012
 Blakeford at Green Hills, Nashville, TN, 83 beds, agreement effective 08-24-2007
 McKendree Village Health Center, Hermitage, TN, 150 beds, agreement effective 1-8-2015
 Mabry Health & Rehab Center, Gainesboro, TN, 50 beds, agreement effective 11-5-2014
 Laurelbrook Nursing Home, Dayton TN, 50 beds, agreement effective 5-26-2012
 Wilson County Eye Surgery Center, Lebanon, TN, ASTC, agreement effective 2-4-2008
 Memphis Eye & Cataract Ambulatory Surgery Center, Memphis Tennessee, ASTC, agreement effective 5-28-2008
 Premier Pain Management Center, Nashville Tennessee, ASTC, agreement effective 6-4-2007

2. Section A, Applicant Profile, Item 6 (Legal Interest in the Site)

The Lot/Land Purchase and Sale Agreement for the 15.4 acre site planned for the construction of the applicant's proposed relocated/replacement nursing home with 91 beds is noted. It appears the agreement has not been fully executed based on the absence of signatures of the buyer/applicant's offer and acceptance by the seller. Please provide a fully executed copy of the agreement that will be valid on the date of the Health Services and Development Agency's hearing of the application.

How the property is currently zoned? Is it in a flood plain? Please discuss.

Response:

The property is zoned as MPO and it is not in a flood plain. A fully executed copy of the Option for Purchase agreement, dated 12/19/2015, will be provided before the hearing date of the Health Services and Development Agency's hearing of the application.

The sellers Larry Rawlings & Janet Rawlings are the owners of the property that Humphreys County Nursing Home has an option to purchase. **Attached #1 document: Signed option to purchase property.**

Listed in Item 6 of the agreement are several contingencies that may impact the applicant's acquisition of the property, including rezoning to a CS or MPO classification, and the completion of a satisfactory feasibility study and issuance of a building permit within 120 days after the binding agreement date (once clarified as requested in the preceding question). Since Certificate of Need approvals are site specific in accordance with Agency Statute, what information can be provided at present that the property will be suitable for the construction of the proposed new 91 bed nursing home?

Response:

The feasibility study is scheduled to be completed on December 16, 2015. Field survey work completed Friday 11/6/15 and Survey plans completed Friday 11/13/15. The Property is suitable for construction just waiting on finalizing the amount of site preparation. Preliminary Site grading plan began Monday 11/16/15 to establish building location and floor elevation. This is scheduled to be completed on 11/30/15. Geotechnical field work to begin 11/30/15 and preliminary report completed 12/16/15.

Property closing is scheduled for 12/19/15.

The most immediate contingency appears to be the rezoning – please describe the process being followed to obtain the required approvals on or before 12/19/15 that must be provided in order for the agreement to go forward.

Response:

The rezoning of the 15.4 acres located on Fort Hill Road and Hillwood Drive began September 24, 2015 and was completed as MPO classification effective at the City Commission meeting on November 9, 2015. **Attachment #2 Letter from Mayor summarizing the rezoning approval.**

Please document the seller's ownership of the property in the form of a warranty deed or title

Response:

Copy attached of warranty deed of the 15.4 acres on Fort Hill Road and Hillwood Drive. **Attachment #3 Section A, Applicant Profile, Item 6 (Legal Interest in the Site). Warranty Deed.**

3. Section B, Project Description, Item II.A. and Item II.B.

Item II.A - The Square Footage Chart appears to be missing the amounts for the Final Cost/SF column at the far right of the chart under the column labeled "New". Please revise and resubmit the chart.

Response:

The Square Footage Chart was revised and is attached as **Attachment #4 Section B. Project Description. Item II.A Square Footage Chart.**

The comments on page 6 indicate that the proposed facility will have 71 private and 20 semi-private rooms in lieu of 71 private and 10 semi-private rooms noted elsewhere in the application. Please revise the page and submit a replacement page labeled page 6-R of 35.

Response:

Page 6 was revised and is attached. **Attachment #5 Replacement page labeled Page 6-R of 35.**

It appears the proposed relocated/replacement 91 bed facility with 71 private patient rooms is approximately 230% larger than the applicant's existing 66 bed facility. Why did the applicant decide not to design an all private room facility?

Response:

The applicant decided not to design an all private room facility due to cost and the need for available rooms for couples/families. The difference between private and semi-private rooms was approximately \$500,000. Many times there are requests for husband and wife or family members to room together.

While it is understood the proposed facility will have 25 additional beds, primarily private rooms and other larger clinical, administrative and patient/public common areas, please clarify the rationale for only a 28% increase in the size of patient dining areas.

Response:

Patient dining areas are located in more than one area of the proposed nursing home. The main dining area will have 1,110 sq./ft. with (4) smaller dining areas located on certain nursing unit neighborhoods. The Memory Care Unit activities area will serve as a dining area if needed. The actual dining space available in the proposed project will be 2,276 sq. ft. or a 66% increase in patient dining areas.

Please describe the design features for nursing stations of the new facility, including, at a minimum, number & location of stations, approximate size in square feet, line of site to patient room considerations, etc.

Response:

In designing the proposed nursing stations, they were designed with patient focus and responsive care in mind. The traditional nursing stations were replaced with four separate nursing stations and designed with an open area concept which would have no barriers to the patient, such as walls or desks. Three of the four nursing stations will be 100 sq. ft. with the fourth nursing station having 115 sq. ft. for a total of 415 sq. ft. This will replace the one centralized nursing station currently in the 66 bed facility. The open nursing station will enable staff to work closer to their assigned neighborhood. Units A, B and E will have their own nursing station with each being 100 sq. ft. and units C and D will have a centrally located nursing station located between each unit with it totaling 115 sq. ft. The Memory Care Unit is designed without a nursing station, and will have portable charting stations to allow staff to observe patients while charting in the Living/Music room, Quiet room, Activity room and hallway. All units will have portable tablets and each nursing station will have an open concept for staff to be able to observe patients.

Item II.B – In addition to the table provided on page 7, please also add columns that identify the approximate size per patient bed in square feet.

Response:

Table 1

Bed Distribution

	Beds in Private Rooms	Beds in Semi-Private Rooms	Patient Bed in Square feet
Current	2	64	103
Proposed	71	20	275 Private 345 Semi-private

4. Section B, Project Description, Item IV (Floor Plan)

The floor plan is too illegible to read the labels intended for locations of the nursing stations, dining area(s), rehab area, etc. Please revise and submit a larger, more legible floor plan for the proposed facility.

Response:

Floor Plan revised and a larger, more legible floor plan for the proposed facility is attached. **Attachment #6 Section B, Project Description, Item IV (Floor Plan)**

5. Section C, Need, Item 1Nursing Home Services

Item 3- the table following Table 2 on page 15 is labeled as Table 6. If in error, please revise and submit as a replacement page labeled page 15-R of 35.

Response:

Item 3 – Table 6 has been corrected and page 15 revised. **Attachment #7 Replacement page labeled Page 15-R of 35.**

Item 4: Please identify the percentage of the nursing home's total admissions of Humphreys County residents in 2014 and 2015 year to date.

Response:

Item 4 – The percentage of Humphreys County Nursing Home's total admission for year 2014 & 2015:

Admissions by County	2014	%	2015	%
Humphreys County	41	91%	32	87%
Dickson County	3	7%	0	0
Houston County	1	2%	2	5%
Benton County	0	0	2	5%
State of Florida	0	0	1	3%

Item5.b: Given Waverly Health Care's average occupancy of approximately 78% from 2011-2014 and the Department of Health's estimate of a need for 4 additional beds in 2018, the first year of the applicant's project, it seems that there would be a strong correlation between need for more beds and high occupancy rates of existing nursing homes indicating that supply is insufficient to meet demand. Please briefly summarize why the request to add 25 additional beds should be favorably considered in lieu of the 4 bed need estimate.

Response:

Item 5.b – The request for the additional 25 beds should be favorably considered in lieu of the 4 bed need estimate because the nursing home should have an opportunity to provide other seniors of the county outstanding quality of care and services and be a financially viable facility. Following are other reasons for a favorable consideration:

- Occupancy rate has been consistently high for over 5 years.
- Turned away on the average 1-2 admissions per week during 2015 due to no available beds.
- Consistent scores of 100% on the quarterly Resident and Family Satisfaction Survey in the areas of nursing care provided, food services, and therapy services.
- Humphreys County Nursing Home is the Community's choice for long term care which is related to the quality of services provided, resident having choices about their care & meals. Physicians who practice in the County choose Humphreys County Nursing Home for their family members instead of other nursing homes that have private rooms with baths.
- Maintains a low turnover rate of clinical staff (30%) allowing for consistent caregiver assignments for residents.

6. Section C, Need, Item 3 (Service Area)

Your response to this item is noted. Please also provide a map of the county showing the location of the applicant's existing and proposed facility, the hospital, Waverly Health Care and other incorporated cities in the county.

Response:

A map of the county showing the location of the applicant's existing and proposed facility, the hospital, Waverly Health Care and other incorporated cities is attached. **Attachment #8 Section C, Need, Item 3 (Service Area)**

Please also identify the mileage and 1-way driving times from the applicant's proposed facility to Waverly Health Care and 3-Rivers Hospital.

Response:

The mileage and driving time from the applicant's proposed facility:

Three Rivers Hospital – 15 seconds or .1 of a mile
Waverly Health Care – 6 minutes or 2.2 miles

7. Section C, Need, Item 5.

If possible, it would be helpful to have a better appreciation of Waverly Health Center's Level 1 and Level 2 utilization in a format similar to the applicant's utilization provided in Table 7 on page 22 of the application.

Response:**Waverly Health Care****Historical Utilization**

Year	Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
2011	100	100	12.9	61	0	7.4	.6	81.8	81.8%
2012	100	100	18.3	54.4	0	0	7.9	80.6	80.6%
2013	100	100	12.2	53.9	0	0	4.3	70.4	70.39%

Other than Waverly Health Center, it appears that nearby 25-bed Three Rivers Hospital has been a Critical Access Hospital since December 2000 and can operate swing beds and admit patients requiring skilled nursing services similar to the applicant. If possible, please include metrics for the utilization of these patients similar to the data provided for the 2 nursing homes in the response.

Response:**Three Rivers Hospital –Swing Beds****Historical Utilization**

Year	Licensed Swing Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	SNF All other Payors ADC	Total Skilled Patient Days	Total ADC	Licensed Occupancy %
2011	25	25	3.48	0	.27	1368	3.7	15%
2012	25	25	2.3	0	.21	925	2.5	10%
2013	25	25	1.84	0	.31	785	2.2	9%

8. Section C, Need, Item 6.

Your response to this item is noted. Using the template provided for Table 7 – Part 1 on page 22, please also provide a table for only the proposed additional 25 beds that are available from the 2015-2016 Nursing Home Bed pool.

Response:**Table – Proposed Additional 25 bed Utilization**

Year	Proposed Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
Projected Year 1	25	25	12	0	1	3	3	84.00	92.3%
Projected Year 2	25	25	14	1	1	3	5	89.00	97.8%

As noted in other parts of the application, no beds were available for 88 patients referred to the applicant facility in 2015. Of these, 55 individuals required skilled care services. Based on these volumes, are the projections for skilled care ADC shown for Year 1 (30 patients/day) and Year 2 (32 patients/day) understated or lower than could be expected based on the information provided in the application? Please clarify.

Response:

We may expect the number of skilled patients to be higher than the projections but we chose to be conservative in the revenue and expense projections since the nursing home industry can fluctuate from time to time.

9. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

The chart is noted. Given the availability of financing the project from a commercial loan, please clarify why financing costs and fees in Section C were omitted from the chart.

Response:

Financing costs and fees have been added to the Project Cost Chart. Attachment #9 Section C, Economic Feasibility, Item 1 (Project Cost Chart) Revise page 24 to Page 24 R of 35.

The purchase price of the 15.4 acre site is identified as \$75,000 in the unsigned Purchase Agreement included in the attachments in lieu of the \$86,000 shown in Section A, Line 3 of the chart. Please clarify.

Response:

The budgeted price for the land was \$86,000 and the land was negotiated down to \$75,000 but the budgeted price was left to cover any cost that may occur during closing. We changed the land cost in the Project Cost Chart as shown in the attachment in above question.

10. Section C, Economic Feasibility, Item 2 (Funding)

The response with commercial loan offers from Capitol One Bank and First Tennessee Bank is noted. While the loan amounts are similar, the loan amounts indicated (\$11,509,000 and \$10,000,000) appear to fall short of the \$14.5 million needed to cover the total costs of the project. In addition, the amortization terms of the lenders differ since it appears that the Capitol One term is 40 years while the First Tennessee term is 20 years. Please clarify.

Response:

The Capital One Bank with HUD funding was intended to be the first loan for the project with the Bank loan as the supplement loan to cover additional costs of the project. We are also submitting an application for a grant to the Meriwether Lewis Electric Cooperative for \$1,000,000.00 for an additional supplemental loan that would be interest free to cover the project cost. Attachment #10 Letter from Bank stating a \$3,000,000 loan for the project.

In your response, please provide amortization schedules for each lender showing the annual loan repayment amounts that would apply to this project.

Response:

Attached is the amortization schedules for each lender that shows the annual loan repayment amounts. Attachment #11 Section C, Economic Feasibility, Item. 2 (Funding)

11. Section C, Economic Feasibility, Item 4 (Historical Data Chart)

Review and comparison of the net operating revenue identified in Schedule H of the most recent, final Joint Annual Report (JAR) maintained by the Department of Health (2013 JAR) revealed no differences from the \$4,134,357 net operating revenue and \$4,435,687 total operating expenses identified in the Historical Data Chart. Using these amounts, the net operating income amounts to a - \$301,330 loss in 2013. However, review of the audited financial statements in the application revealed what appears to be a \$61,568 favorable net operating income in 2013. Please clarify what accounts for the difference in net operating income between the sources.

Response:

The financial statements for 6-30-2013 included in the 2013 JAR match. Those statements reflected the \$301,330 loss in 2013. The 2012 statements reflected a profit of \$61,568. We also have statements for 2014 and 2015. There were no audited financials for 2013.

For the 2014 reporting period, it appears that the \$34,287 provision for bad debt amount is not deducted from gross operating revenue. For the 2015 period, it appears that the \$218,033 contractual amount is not deducted from gross operating revenue. Please explain why these amounts are not being treated as deductions from gross operating revenue such that net operating revenue is lower than gross operating revenue for the periods indicated. If needed, please revise the chart and resubmit labeled as page 26-R of 35.

Response:

In 2014 the bad debt amount was actually a recovery of bad debts and reduced the contractual allowance for that year. In 2015 our contractual allowance was actually an increase to the gross charges due to higher payments from Medicare and Medicaid than shown in our billed charges. This is now fairly common in nursing homes since the addition of extra payments by Medicaid and the higher payment levels by Medicare. Contractual adjustments are the difference between the billed charges for services and the amounts paid whether from Medicare, Medicaid or commercial insurance. Sometimes that amount is added to the gross charges not subtracted.

What is included in Line D.6 - annual rent expense?

Response:

The rent is departmental equipment rentals.

As documented in the application, the nursing home has a management services agreement with Key Management Associates effective 02/01/2015. However, no amounts are identified for the manager's fees in Line 8.b – Fees to Non-Affiliates. Please clarify.

Response:

The Historical Data chart has been revised in Line 8.b –Fees to Non-Affiliates. Attachment #12 Section C, Economic Feasibility, Item 4(Historical Data Chart)

Please provide a breakout of Line D.9 – Other Expenses using the template provided in Exhibit 1 at the end of this letter.

Response:

Other expenses have been broken out of Line D.9 using Supplied chart. Attachment #13 Exhibit 1 – Other Expenses Breakdown.

12. Section C, Economic Feasibility, Item 4 - Projected Data Chart

Please explain why the amounts for contractual adjustments and provision for bad debt are not being deducted from gross operating revenue such that net operating revenue is lower than gross operating revenue for the periods indicated.

Response:

In the Projected Data Chart the contractual adjustments are increasing the revenue instead of reducing it because of the current payment levels by Medicare, Medicaid and Commercial Insurance. The gross charges for room and board at an established rate plus charges for all ancillary services provided are generally lower than the payments received. This many times is caused by ancillary services provided for the acuity needs of the patient but the charges not always being reflected in the bill. The payment is set by contract based on acuity needs thus exceeds the gross billings.

Why is there no provision for charity care in the Projected Data Chart?

Response:

We do not budget for Charity care. We provide full care normally at levels below cost for "Medicaid" patients.

Please show the methodology used to determine the depreciation amounts in the chart.

Response:

It is straight line depreciation over the estimated useful life of the cost of the building and moveable equipment.

What accounts for the absence of any amounts in Line D.8.b of the chart for the management fees of Key Management Associates?

Response:

The Projected Data Chart has been revised for Line D.8.b as well as related other changes caused by the absence of Key Management fees in other areas of the chart. **Attachment #14 Section C, Economic Feasibility, Item 4 (Projected Data Chart).**

Please provide a breakout of Line D.9 – Other Expenses using the template provided in the Exhibit at the end of this letter.

Response:

Other Expenses have been itemized and attached. **Attachment #13 Section C, Economic Feasibility, Item 4 – Projected Data Chart. Itemized Other Expenses.**

Given the plans to fund the project with a \$10 million – \$12 million commercial loan, please explain why the amounts for principal and interest expenses are missing from Item F of the chart. The annual expense for these items should be similar to the amounts shown in the loan amortization schedule requested in Question 10 above.

Response:

The Projected Data Chart has been revised to include the Annual expense in item F of the chart with resulting changes. **Attachment #14 Section C, Economic Feasibility, Item 4 – Projected Data Chart.**

As a result of the above, it appears that projected net income is significantly overstated in the Projected Data Chart for the first 2 years of the project. Please revise the amounts provided for Net Operating Revenue, Total Operating Expenses, Capital Expenditures, and Net Operating Income and re-submit a replacement page labeled page 26-R of 35.

Response:

We have attached the amortization of the loans for this project. The resultant interest and debt payments are now reflected in the chart thus making the profit more in line of what will actually happen. The pages reflecting this have been corrected. The Projected Data Chart has been revised for Net Operating Revenue, Total Operating Expenses, Capital Expenditures and Net Operating Income. According to our CON document Projected Data Chart is on page 27. **Attachment #14 Section C, Economic Feasibility, Item 4 – Projected Data Chart. Replacement page labeled page 27-R of 35.**

13. Section C, Economic Feasibility, Item 5

The average projected net charge exceeds the average projected gross charge in each period. As requested in the previous question, please clarify why net operating revenue would not be lower than gross operating revenue.

Response:

As indicated earlier the nursing home has contracts with Medicare, Medicaid and Commercial Insurance companies. The payment from these contracts is based on the acuity needs of the patient. The gross charges for room and board and ancillary services of therapies, drugs, supplies, x-ray and lab are billed at a stated mark up over cost. However the set rates from these contracts many times exceeds the gross billings. Therefore the contractual adjustment (the difference between the gross charges and the payments) is recorded to properly note the accounts receivable. We anticipate based on these contracts that our contractual allowances will increase our revenue over gross charges as it did in the historical financials for 2015.

There appears to be an increase of approximately 23% from the applicant's \$201 average gross charge in 2015 to \$247.93 charge in Year 1. Please identify the reasons for the increase.

Response:

The revenue's projection is higher based on the expectation of a change in payer mix to include more skilled residents. Also it allows for the increase in the per diems annually along with the increase of 25 new beds.

14. Section C. (Economic Feasibility) Item 9

The response reflects a combined total of \$6,279,008 in Medicare and Medicaid revenue in Year 1 of the project. The Medicare/Medicaid revenue combined amount in the 2015 financial statement attachment appears total to approximately \$3,785,687. Please briefly summarize how the projected Year 1 amounts for Medicare/Medicaid was determined.

Response:

The year 1 revenue for Medicare and Medicaid was determined by taking the projected contract payment rate (\$485 Medicare, \$215 skilled Medicaid and \$206 level 1 Medicaid) times the projected patient days (6,205 Medicare, 1,095 skilled Medicaid and 14,600 level 1 Medicaid). The above table reflects the gross charges without the contractals to achieve the net operating revenue reflected in the financials. While we started with the 2015 mix and rates they were adjusted for expected increases in Medicare, skilled Medicaid and commercial insurance and decrease in level 1 Medicaid.

In your response, please also complete the payor mix table below.

Applicant's Historical and Projected Payor Mix

Payor Source	Gross Operating Revenue 2015	as a % of Total	Gross Operating Revenue Year 1	as a % of Total	Average Gross Charge per Procedure Year 1
Medicare	\$723,253	15.75%	\$2,506,292	32.97%	\$403.91
TennCare	\$2,885,655	62.84%	\$3,315,386	43.61%	\$211.24
Managed Care	0	0	0	0	0
Commercial	\$195,927	4.27%	\$756,385	9.95%	\$207.23
Self-Pay	\$777,585	16.93%	\$1,000,885	13.17%	\$195.87
Other	\$10,005	0.22%	\$22,537	0.30%	\$0.74
Total Gross Revenue	\$4,592,425	100.00%	\$7,601,485	100.00%	\$247.93

Managed Care payor source is in Commercial

15. Section C, Orderly Development, Item 1.

The response is noted. The project will add additional capacity to serve patients requiring skilled care, including services covered under Medicare Part A. It would be helpful to provide a letter from the CEO of Three Rivers Hospital attesting to the hospital's support for the project and willingness to continue or negotiate an emergency transfer agreement for the proposed relocated/replacement nursing home facility.

Response:

A letter from the CEO of Three Rivers Hospital is attached that supports the project and expresses her willingness to continue the emergency transfer agreement. **Attachment #15 Section C, Orderly Development, Item 1. Three Rivers Hospital letter.**

Review of the 2012 JAR revealed approximately 33 nursing full time equivalent positions (FTE) and 14 FTE "other health" positions for a total of 47 FTE that provided direct patient care services in 2012. Based on the staff schedule provided on page 43, it appears that there are approximately 48 FTE direct care staff for the 60 bed nursing home. Please explain why there appears to be no increase in direct care staffing?

Response:

The 2012 JAR reveals 57 Clinical staff and 25 non-clinical staff for a total of 82 FTEs. There is an increase in staffing for year 1 to 95.5 FTEs which is an increase of 13.5 FTEs.

16. Section C, Orderly Development, Item 3

The current staffing is noted. Please compare to the anticipated staffing in Year1 of the project by completing the table below.

Response:**Historical and Projected Staffing**

Position Classification	Current FTE*	Projected FTE – Year 1
Direct Nursing Care	51.5	62.5
Other Clinical	2	2
Sub-total Clinical	53.6	64.5
Non-Clinical	25.2	37.0
Grand Total	79	95.5
Direct Patient Care Staffing ratio (hours per patient per day)	4.5 hrs/ppd	4.24 hrs/ppd

**Note: 1 FTE = full time equivalent position based on 2,080 regular hours worked per year*

ATTACHMENTS**TABLE OF CONTENTS**

- 1) Attachment A.6.1 – Signed Option to Purchase Property
- 2) Attachment – Letter from Mayor summarizing the rezoning approval
- 3) Attachment A.6 – Warranty Deed
- 4) Attachment B.II.A – Square Footage Chart
- 5) Attachment – Replacement page labeled Page 6-R of 35
- 6) Attachment B.IV – Legible Floor Plan and Site Plan
- 7) Attachment – Replacement page labeled Page 15-R of 35
- 8) Attachment C.3 - Service Area Maps Revised
- 9) Attachment C, Economic Feasibility, Item 1 – Project Costs Chart Revised Page 24-R of 35
- 10) Attachment - Additional Letter from Bank
- 11) Attachment C, Economic Feasibility, Item 2 - Amortization Schedules
- 12) Attachment C, Economic Feasibility, Item 4 – Page 26-R of 35, Historical Data Chart
- 13) Attachment – Exhibit 1 – Other Expenses Breakdown, Historical & Projected
- 14) Attachment C, Economic Feasibility, Item 4– Page 27-R of 35, Projected Data Chart
- 15) Attachment C, Orderly Development, Item 1 – Three Rivers Hospital letter

ATTACHMENT 2

LETTER FROM CITY

MAYOR FOR REZONING

November 20, 2015**9:45 am**

CITY OF WAVERLY

W. B. (BUDDY) FRAZIER, MAYOR

P.O. BOX 70
WAVERLY, TENNESSEE 37185

PHONE: (931) 296-2101

FAX: (931) 296-1434

November 19, 2015

To Whom It May Concern:

This letter serves as verification that property identified as Parcel 4 of Group D on Map 64-1 on Maps in the office of the Assessor of Property, owned by Larry Rawlings and wife, Janet Rawlings, at their request, and on consideration and recommendation of the Municipal Planning Commission, is re-classified and the same is re-zoned from existing Low Density Residential and Mobile Home Use Classification and District (R-20) to the Commercial Medical-Professional Office UCS Use Classification and District (MPO). The Comprehensive Zoning Map is modified, revised and changed accordingly.

This action was taken by the Waverly Mayor and Board of Aldermen meeting in regular session on November 9, 2015.

I may be contacted at the above address if additional information or verification is needed.



W. B. (Buddy) Frazier



My commission expires
on April 15, 2019.



ATTACHMENT B.II.A

SQUARE FOOTAGE CHART

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/SF		
					Renovated	New	Total	Renovated	New	Total
Hall A Patient Rooms		6798		FIRST FLR		15550	15550			
Halls B, C, D, E Pt Rooms		-		FIRST FLR		3990	3990			
ICU Patient Rooms		-		FIRST FLR		3990	3990			
Administration		820		FIRST FLR		1657	1657			
Rehab		191		FIRST FLR		1189	1189			
Food Services		959		FIRST FLR		2953	2953			
Laundry		429		FIRST FLR		855	855			
ICF Patient Care Spt		-		FIRST FLR		2141	2141			
SNF Patient Care Spt		-		FIRST FLR		625	625			
MCU Patient Care Spt		-		FIRST FLR		495	495			
Common Act/Lnge		378		FIRST FLR		1909	1909			
ICF Act/Lnge		-		FIRST FLR		1550	1550			
SNF Act/Lnge		-		FIRST FLR		631	631			
MCU Act/Lnge		-		FIRST FLR		390	390			
Dining		1374		FIRST FLR		1750	1750			
Public Areas		163		FIRST FLR		1026	1026			
Common PCS		1554		FIRST FLR		1219	1219			
Operational Support		101		FIRST FLR		2095	2095			
B. Unit/Depart. GSF Sub-Total		12,767				44015	44015			
C. Mechanical/ Electrical GSF		5,233				1450	2403			
D. Circulation /Structure GSF		18,000				13535	13535			
E. Total GSF		18,000				59,000	59,000		\$180.00	10,620,000

ATTACHMENT 10

ADDITIONAL LETTER

FROM BANK



Rural Development Zero Interest Loan Inquiries

FAST FACTS Information Sheet

Ultimate approval of loan funds comes from Rural Development. MLEC acts as the borrower from Rural Development then loans the money to the approved entity.

1) Basic Details:

- Maximum loan amount \$1,000,000
- No-interest, 10-year pay back term, possible 2-year deferment
- Available to profit and non-profit organizations
- Project should be for job creation or community development
- No more than 80 percent of the total project may be financed through the program
- Loan is competitive and funded through Rural Development. MLEC borrows on behalf of the project, and then a repayment schedule is created through MLEC.
- Application and approval process lengthy, and there are no guarantees.

2) Application Process:

- Submit project description in writing to MLEC which includes:
 - Project goal
 - Project budget (including statement confirming that supplemental financing is secured and explanation of how funds will be raised to meet monthly payment schedule)
 - Statement of how loan would be secured (e.g. security interest in real and personal property of project; personal guaranties; governmental entities capital outlay notes)
 - Confirmation that the "Borrower" is also the building/land owner
- MLEC will share the written project information with local MLEC Board Members and coordinate a meeting if necessary.
- Once local approval is granted, the member will need to work with the development district for their area to complete the loan application. It is then presented to the full board, and if approved, returned to Rural Development for submission to RUS.

If approved by RUS, MLEC receives and pays back the loan to RUS. In turn, MLEC loans the money to the ultimate recipient and receives payments from them.

Applicant may begin work once application officially submitted to Rural Development. After that point, any expenditures incurred can be reimbursed through the loan. However, ultimate borrower should proceed with caution because loan is not guaranteed and the competitive process nationwide.

Additional Information:

Development Districts: (application completion assistance)

Hickman, Lewis & Perry Counties: South Central Tennessee Development District
Contact: Eddie Fitzgerald or Nathan Ward
(931) 379-2929

Humphreys & Houston Counties: Greater Nashville Regional Council
1-615-862-8828

ATTACHMENT C.2

AMORTIZATION SCHEDULES

November 20, 2015**9:45 am**

**Humphreys County Nursing Home
Amortization schedule Year 1 and 2 HUD**

Month / Year - Mortgage Started	Jul 1 2017		
Original Loan Balance	\$ 11,500,000.00		
Years to Amortize Loan Balance	40		
Interest Rate of Loan	3.25%		
		\$11,500,000	Total Loan
		Annual	Monthly
		\$514,106.90	
		\$	\$42,842.24

Prin & Interest 1st
Interest on 2nd
Total Debt Service

Amortization Schedule	Payment	Principal	Interest	Balance	
1 Month	\$42,842.24	\$11,696.41	\$ 31,145.83	\$ 11,488,303.59	
2 Month	\$42,842.24	\$11,728.09	\$ 31,114.16	\$ 11,476,575.51	
3 Month	\$42,842.24	\$11,759.85	\$ 31,082.39	\$ 11,464,815.66	
4 Month	\$42,842.24	\$11,791.70	\$ 31,050.54	\$ 11,453,023.96	
5 Month	\$42,842.24	\$11,823.64	\$ 31,018.61	\$ 11,441,200.32	
6 Month	\$42,842.24	\$11,855.66	\$ 30,986.58	\$ 11,429,344.66	
7 Month	\$42,842.24	\$11,887.77	\$ 30,954.48	\$ 11,417,456.90	
8 Month	\$42,842.24	\$11,919.96	\$ 30,922.28	\$ 11,405,536.93	
9 Month	\$42,842.24	\$11,952.25	\$ 30,890.00	\$ 11,393,584.69	
10 Month	\$42,842.24	\$11,984.62	\$ 30,857.63	\$ 11,381,600.07	
11 Month	\$42,842.24	\$12,017.07	\$ 30,825.17	\$ 11,369,583.00	
12 Month	\$42,842.24	\$12,049.62	\$ 30,792.62	\$ 11,357,533.38	371,640.28 Interest 2018
13 Month	\$42,842.24	\$12,082.26	\$ 30,759.99	\$ 11,345,451.12	
14 Month	\$42,842.24	\$12,114.98	\$ 30,727.26	\$ 11,333,336.14	
15 Month	\$42,842.24	\$12,147.79	\$ 30,694.45	\$ 11,321,188.35	
16 Month	\$42,842.24	\$12,180.69	\$ 30,661.55	\$ 11,309,007.66	
17 Month	\$42,842.24	\$12,213.68	\$ 30,628.56	\$ 11,296,793.98	
18 Month	\$42,842.24	\$12,246.76	\$ 30,595.48	\$ 11,284,547.23	
19 Month	\$42,842.24	\$12,279.93	\$ 30,562.32	\$ 11,272,267.30	
20 Month	\$42,842.24	\$12,313.18	\$ 30,529.06	\$ 11,259,954.12	
21 Month	\$42,842.24	\$12,346.53	\$ 30,495.71	\$ 11,247,607.58	
22 Month	\$42,842.24	\$12,379.97	\$ 30,462.27	\$ 11,235,227.61	
23 Month	\$42,842.24	\$12,413.50	\$ 30,428.74	\$ 11,222,814.11	
24 Month	\$42,842.24	\$12,447.12	\$ 30,395.12	\$ 11,210,366.99	366,940.51 Interest 2019
25 Month	\$42,842.24	\$12,480.83	\$ 30,361.41	\$ 11,197,886.16	
26 Month	\$42,842.24	\$12,514.63	\$ 30,327.61	\$ 11,185,371.53	
27 Month	\$42,842.24	\$12,548.53	\$ 30,293.71	\$ 11,172,823.00	
28 Month	\$42,842.24	\$12,582.51	\$ 30,259.73	\$ 11,160,240.49	
29 Month	\$42,842.24	\$12,616.59	\$ 30,225.65	\$ 11,147,623.90	
30 Month	\$42,842.24	\$12,650.76	\$ 30,191.48	\$ 11,134,973.14	
31 Month	\$42,842.24	\$12,685.02	\$ 30,157.22	\$ 11,122,288.11	
32 Month	\$42,842.24	\$12,719.38	\$ 30,122.86	\$ 11,109,568.74	
33 Month	\$42,842.24	\$12,753.83	\$ 30,088.42	\$ 11,096,814.91	
34 Month	\$42,842.24	\$12,788.37	\$ 30,053.87	\$ 11,084,026.54	
35 Month	\$42,842.24	\$12,823.00	\$ 30,019.24	\$ 11,071,203.54	
36 Month	\$42,842.24	\$12,857.73	\$ 29,984.51	\$ 11,058,345.81	362,085.71 Interest 2020

Note Interest during Construction

\$222,984

Humphreys County Nursing Home
Amortization schedule Year 1 and 2 Commercial Loan

Month / Year - Mortgage Started
Original Loan Balance
Years to Amortize Loan Balance
Interest Rate of Loan

Jul 1 2017
\$ 3,000,000.00
20
4.00%

\$3,000,000 Total Loan

Prin & Interest 1st Interest on 2nd Total Debt Service	Annual	Monthly
	\$218,152.92	
	\$	\$18,179.41

Amortization Schedule	Payment	Principal	Interest	Balance	
1 Month	\$18,179.41	\$8,179.41	\$10,000.00	\$2,991,820.59	
2 Month	\$18,179.41	\$8,206.67	\$9,972.74	\$2,983,613.92	
3 Month	\$18,179.41	\$8,234.03	\$9,945.38	\$2,975,379.89	
4 Month	\$18,179.41	\$8,261.48	\$9,917.93	\$2,967,118.41	
5 Month	\$18,179.41	\$8,289.02	\$9,890.39	\$2,958,828.39	
6 Month	\$18,179.41	\$8,316.65	\$9,862.76	\$2,950,512.75	
7 Month	\$18,179.41	\$8,344.37	\$9,835.04	\$2,942,168.38	
8 Month	\$18,179.41	\$8,372.18	\$9,807.23	\$2,933,796.20	
9 Month	\$18,179.41	\$8,400.09	\$9,779.32	\$2,925,396.11	
10 Month	\$18,179.41	\$8,428.09	\$9,751.32	\$2,916,968.02	
11 Month	\$18,179.41	\$8,456.18	\$9,723.23	\$2,908,511.84	118,180.38 Interest 2018
12 Month	\$18,179.41	\$8,484.37	\$9,695.04	\$2,900,027.47	
13 Month	\$18,179.41	\$8,512.65	\$9,666.76	\$2,891,514.81	
14 Month	\$18,179.41	\$8,541.03	\$9,638.38	\$2,882,973.79	
15 Month	\$18,179.41	\$8,569.50	\$9,609.91	\$2,874,404.29	
16 Month	\$18,179.41	\$8,598.06	\$9,581.35	\$2,865,806.23	
17 Month	\$18,179.41	\$8,626.72	\$9,552.69	\$2,857,179.51	
18 Month	\$18,179.41	\$8,655.48	\$9,523.93	\$2,848,524.03	
19 Month	\$18,179.41	\$8,684.33	\$9,495.08	\$2,839,839.70	
20 Month	\$18,179.41	\$8,713.28	\$9,466.13	\$2,831,126.42	
21 Month	\$18,179.41	\$8,742.32	\$9,437.09	\$2,822,384.10	
22 Month	\$18,179.41	\$8,771.46	\$9,407.95	\$2,813,612.64	
23 Month	\$18,179.41	\$8,800.70	\$9,378.71	\$2,804,811.93	
24 Month	\$18,179.41	\$8,830.04	\$9,349.37	\$2,795,981.90	114,107.35 Interest 2019
25 Month	\$18,179.41	\$8,859.47	\$9,319.94	\$2,787,122.43	
26 Month	\$18,179.41	\$8,889.00	\$9,290.41	\$2,778,233.43	
27 Month	\$18,179.41	\$8,918.63	\$9,260.78	\$2,769,314.79	
28 Month	\$18,179.41	\$8,948.36	\$9,231.05	\$2,760,366.43	
29 Month	\$18,179.41	\$8,978.19	\$9,201.22	\$2,751,388.24	
30 Month	\$18,179.41	\$9,008.12	\$9,171.29	\$2,742,380.13	
31 Month	\$18,179.41	\$9,038.14	\$9,141.27	\$2,733,341.99	
32 Month	\$18,179.41	\$9,068.27	\$9,111.14	\$2,724,273.72	
33 Month	\$18,179.41	\$9,098.50	\$9,080.91	\$2,715,175.22	
34 Month	\$18,179.41	\$9,128.83	\$9,050.58	\$2,706,046.39	
35 Month	\$18,179.41	\$9,159.26	\$9,020.15	\$2,696,887.14	
36 Month	\$18,179.41	\$9,189.79	\$8,989.62	\$2,687,697.35	109,868.37 Interest 2020
			\$71,661		

Note Interest during Construction

EXHIBIT I

Humphreys County Nursing Home Amortization schedule Year 1 and 2 Grant

Month / Year - Mortgage Started
Original Loan Balance \$ 875,000.00
Years to Amortize Loan Balance 10
Interest Rate of Loan 0.00%

\$875,000 Total Loan

	Annual	Monthly
Prin & Interest 1st	\$87,500.00	
Interest on 2nd		
Total Debt Service	\$87,500.00	\$7,291.67

Amortization Schedule	Payment	Principal	Interest	Balance	
1 Month	\$7,291.67	\$7,291.67	\$	867,708.33	
2 Month	\$7,291.67	\$7,291.67	\$	860,416.67	
3 Month	\$7,291.67	\$7,291.67	\$	853,125.00	
4 Month	\$7,291.67	\$7,291.67	\$	845,833.33	
5 Month	\$7,291.67	\$7,291.67	\$	838,541.67	
6 Month	\$7,291.67	\$7,291.67	\$	831,250.00	
7 Month	\$7,291.67	\$7,291.67	\$	823,958.33	
8 Month	\$7,291.67	\$7,291.67	\$	816,666.67	
9 Month	\$7,291.67	\$7,291.67	\$	809,375.00	
10 Month	\$7,291.67	\$7,291.67	\$	802,083.33	
11 Month	\$7,291.67	\$7,291.67	\$	794,791.67	Interest 2018
12 Month	\$7,291.67	\$7,291.67	\$	787,500.00	
13 Month	\$7,291.67	\$7,291.67	\$	780,208.33	
14 Month	\$7,291.67	\$7,291.67	\$	772,916.67	
15 Month	\$7,291.67	\$7,291.67	\$	765,625.00	
16 Month	\$7,291.67	\$7,291.67	\$	758,333.33	
17 Month	\$7,291.67	\$7,291.67	\$	751,041.67	
18 Month	\$7,291.67	\$7,291.67	\$	743,750.00	
19 Month	\$7,291.67	\$7,291.67	\$	736,458.33	
20 Month	\$7,291.67	\$7,291.67	\$	729,166.67	
21 Month	\$7,291.67	\$7,291.67	\$	721,875.00	
22 Month	\$7,291.67	\$7,291.67	\$	714,583.33	
23 Month	\$7,291.67	\$7,291.67	\$	707,291.67	
24 Month	\$7,291.67	\$7,291.67	\$	700,000.00	Interest 2019
25 Month	\$7,291.67	\$7,291.67	\$	692,708.33	
26 Month	\$7,291.67	\$7,291.67	\$	685,416.67	
27 Month	\$7,291.67	\$7,291.67	\$	678,125.00	
28 Month	\$7,291.67	\$7,291.67	\$	670,833.33	
29 Month	\$7,291.67	\$7,291.67	\$	663,541.67	
30 Month	\$7,291.67	\$7,291.67	\$	656,250.00	
31 Month	\$7,291.67	\$7,291.67	\$	648,958.33	
32 Month	\$7,291.67	\$7,291.67	\$	641,666.67	
33 Month	\$7,291.67	\$7,291.67	\$	634,375.00	
34 Month	\$7,291.67	\$7,291.67	\$	627,083.33	
35 Month	\$7,291.67	\$7,291.67	\$	619,791.67	Interest 2020
36 Month	\$7,291.67	\$7,291.67	\$	612,500.00	

This is Meriwether grant. Is payable over 10 years without interest. Anticipating this to cover the annual debt service.

ATTACHMENT C.4

PAGE 26-R OF 35

HISTORICAL DATA CHART

ATTACHMENT C.1

THREE RIVERS HOSPITAL

LETTER



November 20, 2015

9:45 am

November 17, 2015

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Bill Sullivan:

I understand the Humphreys County Nursing Home is applying for a certificate of need for an increase in beds at their new location and I want to express my support of these efforts.

Humphreys County Nursing Home has served the citizens of Humphreys and surrounding counties for nearly fifty years. The nursing home has maintained a reputation for giving good quality care and therefore maintains a high occupancy rate. There is currently an emergency transfer agreement in place with our facilities and this will transfer to their new location.

As the CEO of Three Rivers Hospital, which is located next door to Humphreys County Nursing Home, I pledge my continued support to the nursing home.

Sincerely,

Freda B. Russell

Freda B. Russell, RN
CEO/CNO

November 20, 2015

9:45 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF HumphreysNAME OF FACILITY: Humphreys County Nursing Home

I, Sam (Bill) Sullivan, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Sam (Bill) Sullivan, Administrator
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 19th day of November, 2015, witness my hand at office in the County of Humphreys, State of Tennessee.



Kathy G. Hayes
NOTARY PUBLIC

My commission expires 2016.

HF-0043

Revised 7/02

Supplemental #2 -COPY-

Humphrey's County
Nursing Home

CN1511-049

HUMPHREYS COUNTY NURSING HOME

SUPPLEMENTAL INFORMATION

CERTIFICATE OF NEED
APPLICATION CN1511-049
NOVEMBER 30, 2015

November 25, 2015

Supplemental #2

November 30, 2015

9. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

The chart is noted. Given the availability of financing the project from a commercial loan, please clarify why financing costs and fees in Section C were omitted from the chart.

The purchase price of the 15.4 acre site is identified as \$75,000 in the unsigned Purchase Agreement included in the attachments in lieu of the \$86,000 shown in Section A, Line 3 of the chart. Please clarify.

The revised Project Cost Chart with changes to the selling price of the 15.4 acre site in Line A.3 and the addition of Financing Costs and Fees in Lines C.2 and C.4. However, a revised CON filing fee in Line E appears to have been omitted from the revised chart. HSDA staff calculates the revised filing fee as \$33,394 a difference of \$840 from the amount shown.

In addition, the Total Project Cost with the revised fee should also be changed to \$14,875,239.

Please revise the chart and submit a replacement page labeled as "Page 24-R (2) of 35". In your response, please also submit an additional filing fee payment of \$840 for the balance due on the \$33,394 revised total fee amount to be reflected in Line E of the chart.

Response:

The Chart has been revised to reflect \$33,394 on Line E, Total Project Cost changed to \$14,875,239, and an additional filing fee payment of \$840 for the balance due on the \$33,394. Attachment #1 Section C, Economic Feasibility, Item 1 (Project Cost Chart) Revised Page 24 as Page 24-R (2) of 35.

10. Section C, Economic Feasibility, Item 2 (Funding)

The response with commercial loan offers from Capitol One Bank and First Tennessee Bank is noted. While the loan amounts are similar, the loan amounts indicated (\$11,509,000 and \$10,000,000) appear to fall short of the \$14.5 million needed to cover the total costs of the project. In addition, the amortization terms of the lenders differ since it appears that the Capitol One term is 40 years while the First Tennessee term is 20 years. Please clarify.

The response is noted. Based on the clarification and additional \$3 million loan available from Heritage Bank, it appears that a total of up to \$25,509,000 in commercial loans from the multiple lenders may be available to finance the new replacement facility. Is this a correct estimate? If not, please explain.

Response:

Initially when we embarked on finding funding for the project we secured possible funding from several banks and HUD. In the supplemental answers we attempted to clarify by using the HUD as the first loan options and a letter from one of the banks that was supportive of funding the project as additional funding to cover the difference of the amount of the HUD loan and the cost of the project. We will continue to seek the grant dollars available through Meriwether Lewis Electric Cooperative which is an interest free grant up to \$1 million which would be used for financing the difference of the project cost.

11. Section C, Economic Feasibility, Item 4 (Historical Data Chart)

Review and comparison of the net operating revenue identified in Schedule H of the most recent, final Joint Annual Report (JAR) maintained by the Department of Health (2013 JAR) revealed no differences from the \$4,134,357 net operating revenue and \$4,435,687 total operating expenses identified in the Historical Data Chart. Using these amounts, the net operating income amounts to a - \$301,330 loss in 2013. However, review of the audited financial statements in the application revealed what appears to be a \$61,568 favorable net operating income in 2013. Please clarify what accounts for the difference in net operating income between the sources.

For the 2014 reporting period, it appears that the \$34,287 provision for bad debt amount is not deducted from gross operating revenue. For the 2015 period, it appears that the \$218,033 contractual amount is not deducted from gross operating revenue. Please explain why these amounts are not being treated as deductions from gross operating revenue such that net operating revenue is lower than gross operating revenue for the periods indicated. If needed, please revise the chart and resubmit labeled as page 26-R of 35.

The responses are noted. However, there appears to be an error for total gross operating revenue for the 2013 fiscal year period based on the amounts shown in Lines B.1 and B.4 of the revised Historical Data Chart. The correct gross operating revenue amount appears to calculate to \$4,637,713 in lieu of the \$4,277,713 shown in the chart.

Additionally, it appears that Net Operating Income would change to \$58,670 in lieu of the -\$301,330 loss shown in the chart.

Please revise the chart and submit a replacement page labeled as "Page 26-R(2) of 35".

Response:

The Historical Data Chart has been revised – Corrected Section B Line 1, Inpatient Services. In the previous attachment, Inpatient Services was reported as \$4,627,330. It actually should have been \$4,267,330; the 2 and 6 were inadvertently transposed. With that correction, Gross Operating Revenue of \$4,277,713 and Net Operating Loss of \$(301,330) are correct figures. **Attachment #2, Section C, Economic Feasibility, Item 4 (Historical Data Chart) Revised – Page 26-R(2) of 35.**

12. Section C, Economic Feasibility, Item 4 - Projected Data Chart

As a result of the above, it appears that projected net income is significantly overstated in the Projected Data Chart for the first 2 years of the project. Please revise the amounts provided for Net Operating Revenue, Total Operating Expenses, Capital Expenditures, and Net Operating Income and re-submit a replacement page labeled page 26-R of 35.

The revised chart is noted. The Net Operating Income less (or after) capital expenditures should be shown as the lower amounts for each period (\$673,076 in Year 1 and \$659,093 in Year 2). Please revise the chart and submit as replacement page labeled "page 27-r(2) of 35".

Response:

The Projected Data Chart has been revised – Net Operating Income for Year 1 and Year 2. Attachment #3, Section C, Economic Feasibility, Item 4 – Projected Data Chart, replacement page 27 - Page 27-R(2) of 35.

November 25, 2015

2:45 pm

161
AFFIDAVITSTATE OF TNCOUNTY OF HUMPHREYS

SAM (BILL) SULLIVAN, being first duly sworn, says that ~~he~~ she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Sam (Bill) Sullivan
SIGNATURE/TITLE ADMINISTRATOR

Sworn to and subscribed before me this 24TH day of NOVEMBER, 2015 a Notary
(Month) (Year)

Public in and for the County/State of TN.



Kathy G. Hayes
NOTARY PUBLIC

My commission expires 2-16-, 2016.
(Month/Day) (Year)

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative sessions, amended and changed the codes sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1 – June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services

1. Determination of Need:

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +} \end{aligned}$$

2. Planning horizon:

The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Response: Using the methodology outlined in item 1, and the population estimates developed by the Department of Health, the nursing home bed need was calculated for 2016, 2017, and 2018.

Table 1 Population-based statistical methodology -

Age Group	Use Rate	Population			Bed Need		
		2016	2017	2018	2016	2017	2018
Under 65	0.0005	14,822	14,809	14,752	7.4	7.4	7.4
65-74	0.012	2,158	2,136	2,149	25.9	25.6	25.8
75- 84	0.06	1,149	1,206	1,259	68.9	72.4	75.5
85+	0.15	396	400	401	59.4	60.0	60.2
Total		18,525	18,551	18,561	162	165.4	168.9
Existing Licensed Beds					166	166	166
Outstanding CONs Beds					0	0	0
Additional Bed Need					-4	-1	4

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Response: The service area for this project is Humphreys County. At the present time, 89 percent of the residents in Humphreys County Nursing Home were residents of Humphreys County. Residents from no other county accounted for more than 3 percent of the admissions. The majority of the population of Humphreys County resides within 30 minutes of the current and proposed site. See Attachment A.4 Service area map.

4. Existing Nursing Home Capacity: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

Response: An inventory of the licensed nursing home beds in Humphreys County is represented in the following table. There are no outstanding CONs for nursing home beds in Humphreys County. The utilization of the two nursing homes in Humphreys County is provided in the following table. During 2013, the other nursing home within the County reported an average occupancy rate of 70.39 percent.

Table 2
Summary of Total Utilization in Humphreys County both Nursing Homes
2011- 2013

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate%
2011	166	42,603	10,760	53,363	146.2	88
2012	166	43,518	9,555	53,073	145.4	88
2013	166	42,295	7,124	49,419	139.4	82

Response: The following table demonstrates a consistent occupancy above 95 percent for the past 4 years:

Table 3
Humphreys County Utilization
2011 – 2015

Year	Licensed Beds	ICF	Skilled	Patient Days	Average Census	Occupancy Rate %
2012	66	20,142	3,364	23,506	64.2	97.3
2013	66	20,879	2,620	23,499	64.4	97.6
2014	66	21,016	2692	23708	64.95	98.4
2015	66	20,711	3079	23790	65.2	98.7

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

Response: There are no outstanding CONs in Humphreys County.

6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

Response: The primary source of data utilized to complete this application was the Tennessee Department of Health's data.

7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Response: N/A - Existing facility.

8. Encouraging Facility Modernization: The HSDA may give preference to an application that:

- a. Proposes a replacement facility to modernize an existing facility.
- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
- c. Does not increase its number of operating beds.

Response: Humphreys County Nursing Home seeks a replacement facility and an increase in the number of beds. The new location of the proposed facility is less than a quarter of a mile from the existing facility. The replacement facility will improve the

system of caring provided in the nursing home using a modified Green House approach. The citizens of Humphreys County will be able to choose a resident-centered environment with family and friends involvement.

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

Response: The applicant has operated in the state for many years and has always been successful in attracting and retaining adequate professional and support staff. The expected total staffing, during the first year of operation is 95.5 FTEs. The applicant does not anticipate a problem in recruiting this staff.

Humphreys County Nursing Home's performance management system supports high performance, workforce engagement through senior leadership's building of a conducive work environment and providing opportunities for the employees to participate in planning and the decision-making process such as communicating equipment needs, resident needs, and how care is provided. High performance and a good score on the facility morale is achieved through the promotion of superior performance by communicating expectations in their job descriptions by defining their roles and expected competences and achievable benchmarks. Selecting the right people for the organization, providing continuous coaching and feedback during their job performance, and a first class training program contribute to the high performance of the workforce and low turnover of nursing employees at 19%.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Response: The community has a monthly health council meeting in which all health care providers of the County (State Health Department, County Education Department, hospital, EMS, nursing homes, homecare, hospice, and physicians) are invited to participate in the evaluation of county health needs. Humphreys County Nursing Home is a participant with this group. The nursing home has contracts with the following providers of health care: Three Rivers Hospital, Avalon Hospice, Caris Healthcare, Guardian Homecare and Hospice, Amedisys Home Care, Tennessee Quality Homecare, Homecare Solutions and CareAll to ensure continuity of care at discharge.

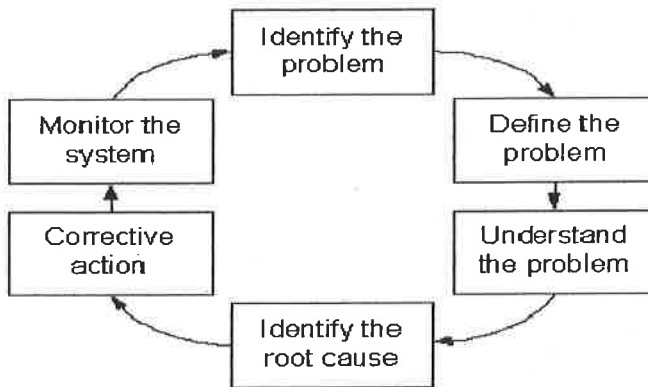
11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be

evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

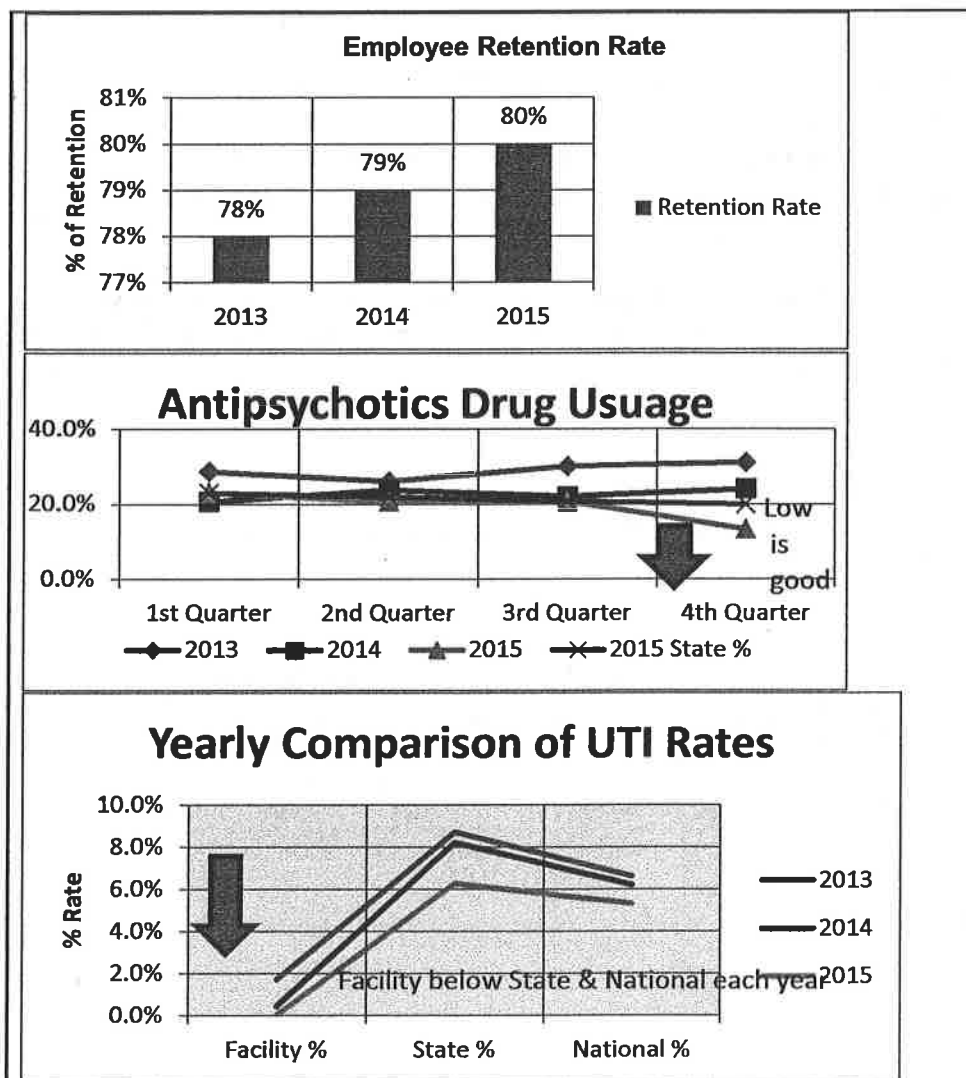
Response: Humphreys County Nursing Home does not limit its services in our service area. Humphreys County Nursing Home does not discriminate against health disparities, accessibility to consumers, elderly, women, racial and ethnic minorities, and low-income groups has never discriminated against any of these groups. If the project is successful in obtaining the CON with the additional beds, the business plan can address this population's needs much better by having a larger therapy services and larger patient rooms with private showers. Humphreys County Nursing Homes plans to offer additional services such as Respite care, Adult Day Care and assistance with meals if CON approved.

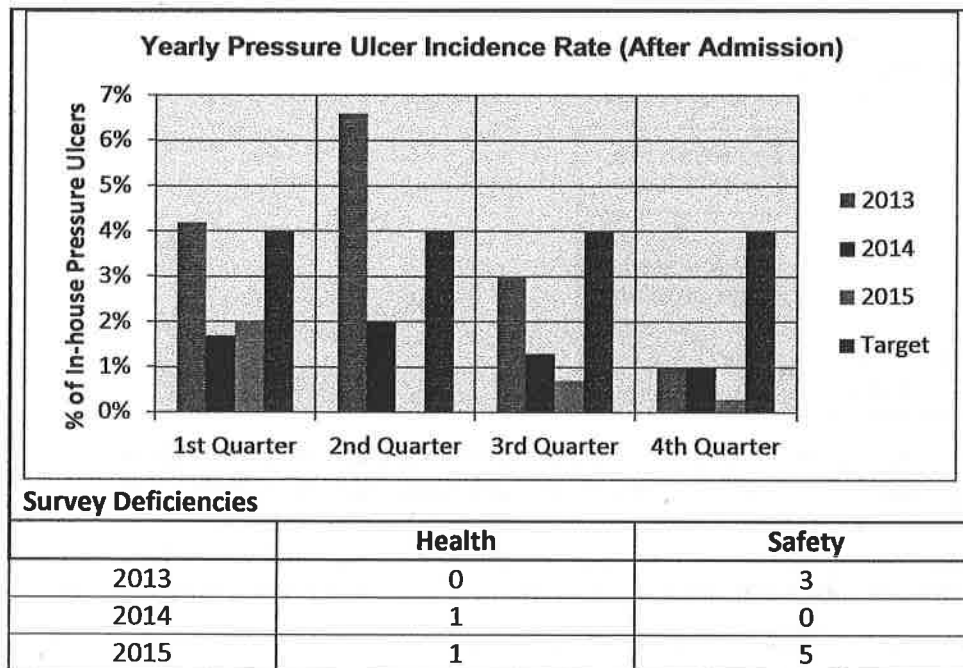
12. Quality Control and Monitoring: The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

Response: Humphreys County Nursing Home has a Quality Assurance Performance Improvement (QAPI) plan that consists of 6 key elements: 1) Identifying a Problem, Process needing Improvement or an Innovation 2) Using Process Improvement Teams that consist of management and employees familiar with the processes, 3) Using the employees time and energy wisely and conservatively 4) Collecting and Analyzing Data, 5) Conducting a thorough credible root cause analysis that management can fix and 6) Reporting Outcomes to the QAPI committee and governing board on a routine basis. The facility collects and evaluates data from different sources to assist with identification of opportunities for improvement. Humphreys County Nursing Home selected the Plan, Do, Check, Act (PDCA) model for the QAPI process. A major part of the QAPI Program is the use of the root cause analysis to solve problems, identify potential shortcomings of the processes and developing an action plan based on findings.



Humphreys County Nursing Home action plans and performance measures used to track progress on our strategic objectives includes financial statements, accounts receivable, Casper reports, employee turnover and retention rate, annual resident/families and employee surveys, state/federal annual survey, and readmission to hospital within 30 days. Targets are established for each measure and the QAPI tool to be used to gather data.





13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

Response: Humphreys County Nursing Home provides the TDH and/or HSDA with all requested information and statistical data related to the operation and provision of services.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Response:

Table 4: Applicant Facility Historical and Projected Utilization –

Variable	2012	2013	2014	2015	Year 1(P)	Year2 (P)	Year 3 (P)	Year 4 (P)
Beds	66	66	66	66	91	91	91	91
Patient Days	23649	23725	23700	23790	30660	32485	32485	32485
Average Daily Census	64.6	65.0	64.9	65.2	84.0	89.0	89.0	89.0
% Occupancy	97.9	98.5	98.4	98.8	92.3	97.8	97.8	97.8

(P) Projected

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

Response:

Table 5
Humphreys County Nursing Home
Historical Utilization

Applicant Facility Historical and Projected Utilization –

Year	Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
2013	66	66	5.88	47.26	1.15	.14	10.57	65.0	98.5%
2014	66	66	6.26	47.59	1.02	.10	9.96	64.93	98.4%
2015	66	66	4.76	44.61	.82	2.85	12.14	65.18	98.8%
Projected Year 1	91	91	17.00	40.00	3.00	10.00	14.00	84.00	92.3%
Projected Year 2	91	91	18.00	41.00	3.00	11.00	16.00	89.00	97.8%

Waverly Health Care - Historical Utilization

Year	Licensed Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	Medicaid/ TennCare NF Level 2 ADC	SNF All other Payors ADC	NF all Other Payors ADC	Total ADC	Licensed Occupancy %
2011	100	100	12.9	61	0	7.4	.6	81.8	81.8%
2012	100	100	18.3	54.4	0	0	7.9	80.6	80.6%
2013	100	100	12.2	53.9	0	0	4.3	70.4	70.39%

Three Rivers Hospital –Swing Beds - Historical Utilization

Year	Licensed Swing Bed	Medicare Certified Beds	SNF Medicare ADC	Medicaid/ TennCare NF Level 1 ADC	SNF All other Payors ADC	Total Skilled Patient Days	Total ADC	Licensed Occupancy %
2011	25	25	3.48	0	.27	1368	3.7	15%
2012	25	25	2.3	0	.21	925	2.5	10%
2013	25	25	1.84	0	.31	785	2.2	9%



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the News-Democrat which is a newspaper
(Name of Newspaper)
of general circulation in Humphreys, Tennessee, on or before November 6, 2015
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Humphreys County Nursing Home Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: Humphreys County with an ownership type of Governmental and
to be managed by: Key Management Associates, LLC intends to file an application for a Certificate of
Need: For change of site /relocation of the current Nursing Home located at 670 Hwy 13 South, Waverly Tennessee to an undeveloped property located on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive, Waverly (Humphreys County), Tennessee, a distance of approximately 2 miles North from the current location of Humphreys County Nursing Home. This application seeks to relocate, replace and add 25 beds from the Nursing Home Bed Pool Stats which will increase the bed size of Nursing Home to 91 beds. The current building has physical limits, due to an aging 50 year old building - Rooms are too small, no private bathrooms, no space for therapy services, activities, office space, and dining space. The new building will improve resident environment and amenities that embrace a modified Greenhouse concept. The new site contains 15.4 acres up from our acreage on the current site of 5.4 acres. An address has not been assigned to the proposed building due to rezoning and additional site work to be done. The new facility will be dually certified for Medicare and Medicaid participation. The estimated project cost is projected to be \$14,500,000.

The anticipated date of filing the application is: November 10, 2015

The contact person for this project is Bill Sullivan, Administrator
(Contact Name) (Title)

who may be reached at: Humphreys County Nursing Home Hwy 13, South

Waverly TN 37185 931-296-2533
(City) (State) (Zip Code) (Area Code / Phone Number)
11-6-2015 samwsullivan@comcast.net
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

SUPPORT LETTER(S)

Humphreys County Nursing Home

CN1511-049



THREE RIVERS HOSPITAL

451 Highway 13 South • Waverly, Tennessee 37185-2909
931-296-4203 • Fax: 931-296-1013

FEB 2 '18 4:53:33

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Sullivan:

This is to urge the State of Tennessee Health Services and Development Agency to approve the certificate of need for the increase in beds for the new Humphreys County Nursing Home. I am pleased to say that I support this proposal.

Humphreys County Nursing Home has served the citizens of Humphreys and surrounding counties for nearly fifty years. The nursing home has maintained a reputation for giving good quality care and therefore maintains a high occupancy rate.

As the administrator of Three Rivers Hospital which is located next door to Humphreys County Nursing Home, I pledge my continued support to the nursing home.

Sincerely,

Freda Russell, CNO/CEO

Arthur W. Walker, M.D.

205 Hillwood Drive
Waverly, Tennessee 37185
(931) 296-3473

October 26, 2015

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Sullivan:

Your proposal to build a new facility and increase the number of beds for Humphreys County Nursing Home has my enthusiastic support. I feel there is a need for more nursing home beds in Humphreys County.

As the Medical Director of Humphreys County Nursing Home since its inception, I have seen the growth throughout the years and feel it is time to expand. I am proud of the quality of care that is given at the facility. There is a genuine love for the residents.

I pledge my continued support to the nursing home. Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Arthur W. Walker, M.D.", written in dark ink.

Arthur W. Walker, M.D.
Humphreys County Nursing Home Medical Director

Larry Smith
1397 East Blue Creek Rd.
Waverly, Tennessee 37185

October 26, 2015

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Sullivan:

I am delighted to support your proposal to increase the number of beds available at Humphreys County Nursing Home. I am equally excited to hear of the plan to build a new facility.

I had a personal experience recently as my mother was a resident at Humphreys County Nursing Home. Although the resident rooms were small, my mother was pleased with her stay. There is a warm loving atmosphere in the nursing home.

I assure you that you have my continued support of the nursing home. If you need anything further from me, please do not hesitate to ask.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry L. Smith", written in a cursive style.

Larry Smith
Humphreys County Commissioner

City of Waverly

Public Works Division
301 North Church Street
Waverly, Tennessee 37185
(931) 296-2101

October 26, 2015

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Sullivan:

Your proposal to increase the number of beds and to build a new facility for Humphreys County Nursing Home has my wholehearted support. I feel there is a need for more beds today, not including the aging Baby Boomer generation.

I am familiar with the nursing home and its fine reputation of giving good care. I have attended some community events at the facility and have been impressed with the family-like atmosphere that exists there.

I am proud to say that I pledge my continued support of Humphreys County Nursing Home.

Sincerely,



John H. Whitfield
Superintendent of Public Works

Humphreys County Nursing Home

Hwy 13 south

Waverly, TN 37185

To Whom It May Concern:

I would like to recommend we enlarge our nursing home. The need for additional care for our elderly patients is only growing as our population is living longer. In order to better care for our aging population and give them a safe environment, I believe we need an expansion of our current facility.

The Humphreys County Nursing Home has always given excellent care to every patient we have sent to them. Unfortunately, there have been times when we have needed placement and the space was not available. It would be a great asset to our community to have an increase in size in this facility and more beds available.

Thank you for your support



Jane Ross, RN, Branch Manager

Home Care Solutions

Dickson, TN 37055

Lawrence R. Jackson Jr. M.D.

*P.O. Box 270
102 Hillwood Drive
Waverly, Tennessee 37185*

Telephone 931-296-3555

January 29, 2016

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

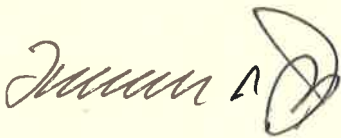
Dear Mr. Sullivan:

I am pleased to support your proposal to build a new facility with an increased number of beds for Humphreys County Nursing Home.

As an admitting physician, I am proud to say that Humphreys County Nursing Home has retained a good reputation throughout its fifty years for giving excellent patient care. I do not worry when I place a patient in their hands. My only present concern is the fact that several times I have needed to admit a patient to your facility and there was not a vacancy. I feel the additional beds will help with that issue.

I pledge my continued support to the nursing home. Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence R. Jackson, Jr.", with a stylized flourish at the end.

Lawrence R. Jackson, Jr. M.D.

January 31, 2016

Lori M. Davis, BSN, RN
Caris Healthcare
106 Highway 70 East, Suite 5
Dickson, TN 37055

SUBJECT: HUMPHREYS COUNTY NURSING HOME REQUEST FOR EXPANSION

According to the US Census Bureau, approximately twenty percent of the Tennessee population is sixty-five years or older. With an aging population, it is imperative that Tennessee plan for accommodating our elders in need of caregiver support. And, we should be able to provide our beneficiaries with the choice for high quality care. As it stands now, those beneficiaries in immediate need of a nursing center admission must sacrifice first choice of care, for a lesser quality center and/or a nursing center further away from family and friends.

It is my request that Humphreys County Nursing Home be permitted to expand its bed capacity so those in need may have their first choice without sacrifice.

If Humphreys County Nursing Home is able to expand its bed capacity, we may then be able to utilize some of those beds for patients and families in need of respite care, general inpatient care for hospice patients suffering symptoms better controlled in a nursing center, etc. The facility will have full support of those in other areas of healthcare delivery.

With an expansion, the residents in, and around, Humphreys County can also choose to enter into a rehabilitation program close to home. For those leaving the hospital in need of rehabilitation, the lack of bed availability means the patient must undergo therapy somewhere else. With an expansion, patients will be much more likely to receive rehabilitation close to home, thus saving Medicare dollars with skilled rehabilitation and having friends and families readily available for training and transitioning the patient to the next level of care.

Thank you for your time and consideration.
Sincerely,

Lori M. Davis, BSN, RN

New Johnsonville Family Health

George T. Mathai, MD, PLLC

(931) 535-3734 • Fax (931) 535-3742

224 Long Street

New Johnsonville, Tennessee 37134

January 29, 2016

Mr. Bill Sullivan
Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

Dear Mr. Sullivan:

Your proposal to build a new facility and increase the number of beds for Humphreys County Nursing Home has my enthusiastic support. I feel there is a need for more nursing home beds in Humphreys County. I have had difficulty placing patients on previous occasions because HCNH is the facility of their choice and many times your facility is full.

As an admitting physician and the Chairman of the Board of Directors for Humphreys County Nursing Home, I see firsthand the excellent patient care that is given continuously at the facility. There is a genuine love for the residents.

I pledge my continued support to the nursing home. Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Mathai'.

George T. Mathai, MD



January 31, 2016

Lori M. Davis, BSN, RN
Caris Healthcare
106 Highway 70 East, Suite 5
Dickson, TN 37055

SUBJECT: HUMPHREYS COUNTY NURSING HOME REQUEST FOR EXPANSION

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If Humphreys County Nursing Home is able to expand its bed capacity, we may then be able to utilize some of those beds for patients and families in need of respite care, general inpatient care for hospice patients suffering symptoms better controlled in a nursing center, etc. The facility will have full support of those in other areas of healthcare delivery.

With an expansion, the residents in, and around, Humphreys County can also choose to enter into a rehabilitation program close to home. For those leaving the hospital in need of rehabilitation, the lack of bed availability means the patient must undergo therapy somewhere else. With an expansion, patients will be much more likely to receive rehabilitation close to home, thus saving Medicare dollars with skilled rehabilitation and having friends and families readily available for training and transitioning the patient to the next level of care.

Thank you for your time and consideration.
Sincerely,

Lori M. Davis, BSN, RN

HEMOCARE SOLUTIONS

762 Hwy 46 S
Dickson, Tennessee 37055
(615) 441-0009

Humphreys County Nursing Home

Hwy 13 south

Waverly, TN 37185

To Whom It May Concern:

I would like to recommend we enlarge our nursing home. The need for additional care for our elderly patients is only growing as our population is living longer. In order to better care for our aging population and give them a safe environment, I believe we need an expansion of our current facility.

The Humphreys County Nursing Home has always given excellent care to every patient we have sent to them. Unfortunately, there have been times when we have needed placement and the space was not available. It would be a great asset to our community to have an increase in size in this facility and more beds available.

Thank you for your support



Jane Ross, RN, Branch Manager

Home Care Solutions

Dickson, TN 37055

**CareAll Home Care Services
51 Haywood Drive, Ste. 2
Huntingdon, TN 38344
731-209-0202**

To Whom It May Concern:

I am writing this letter to recommend the expansion of Humphreys County Nursing Home. With an expansion, the residents in, and around, Humphreys County can choose to enter into a rehabilitation program close to home rather than having to travel outside of the county for services. The bed expansion could also open up more opportunities for respite care, outpatient rehab and hospice care.

With an aging population, it is most important that Tennessee plan for the future in accommodating our elders as their need for caregivers is ever growing. Please take this recommendation into the highest consideration for it would be a great asset to the Humphreys County community to have this increase in bed capacity so that our citizens may have placement in their first choice of facility and remain close to home of family and friends.

Sincerely,



**Aime Whittle
Patient Care Liaison
CareAll Home Care Services
731-693-0606**



February 1, 2016

To Whom It May Concern:

I am writing this letter in support of the *Certificate of Need* for an additional 25 beds at Humphreys County Nursing Home located at 670 Highway 13 South, Waverly, TN 37185.

While working with Humphreys County Nursing Home over the past two years, I have experienced a positive staff that cares deeply about their patients and it shows in the care they provide. So, with the excellent staff, it seems that adding the beds would be a huge asset and could better serve the community as well as the facility. We have had several patients request this particular facility because of the clinical excellence and staff, and it is hard to tell a family that the facility is full. With that being said, we support the addition of the 25 beds so we can continue to place our patients in a nursing home that we stand behind.

Our staff fully supports the facility and this community! We would be thrilled to work with them to further this positive change.

Sincerely,

Brooke Stinson, Hospice Care Consultant

Avalon Hospice



HUMPHREYS COUNTY

Jessie R. Wallace, County Executive
Room 1, Rawlings Building
102 Thompson Street
Waverly, Tennessee 37185

Office: 931-296-7795
Home: 931-535-3300
Fax: 931-296-5011
Email: jwallace@humphreystn.com

February 1, 2016

Jeff Grimm
State of Tennessee
Health Services and Development Agency
9th Floor, Andrew Jackson Building
502 Deaderick St.
Nashville, TN 37243

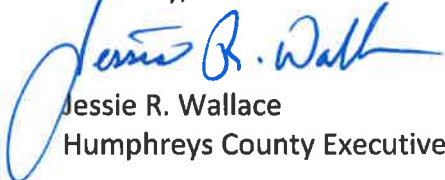
Re: CON Humphreys County Nursing Home

Dear Mr. Grimm,

It has come to my attention that in the near future your agency will be considering an application from the Humphreys County Nursing Home for an alteration to the provider's current Certificate of Need. I have the good fortune of being very familiar with this organization's operation and I can lend my unqualified endorsement of their plans to augment and improve the facilities serving our community. They enjoy an outstanding reputation of providing quality healthcare, with the only negative aspect being the direct result of inadequate capacity. I hope and trust that the worth of this facility and its staff is easily recognizable and that your agency will act on their request with an affirmative action.

Thank you for your time and consideration.

Sincerely,



Jessie R. Wallace
Humphreys County Executive

FEB 2 18 49:35

CITY OF WAVERLY

W. B. (BUDDY) FRAZIER, MAYOR

P.O. BOX 70
WAVERLY, TENNESSEE 37185
PHONE: (931) 296-2101
FAX: (931) 296-1434

February 1, 2016

Mr. Jeff Grimm
State of Tennessee
Health Services & Development Agency

Mr. Grimm,

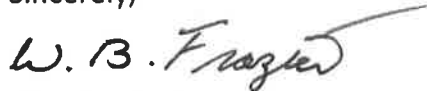
This letter serves as verification that I support the efforts of the Humphreys County Nursing Home Board of Directors with their plans for a new nursing home facility that will accommodate additional beds.

The Humphreys County Nursing Home has an outstanding reputation in this community for providing excellent and compassionate health care services.

The existing facility is aging and the new facility will be a great resource for those individuals that currently have to be placed on a waiting list.

I feel that the Board of Directors is on track with their future plans. The Baby Boomer generation of which I am a part of will soon impact our nursing home facilities. This plan will prepare this facility for that impact.

Sincerely,



W.B. (Buddy) Frazier
Mayor

To: Bill Sullivan

For the past few years my mother "Wanda Crews" has been a resident of the facility run by you and your staff. When she got where she needed help the facility was full and she was forced to be put in another one across town. After talking to friends I was able to get her into your home. This was one of the best moves of her elderly life and has become her home. All of the staff has treated her like she is family and gone out of their way when taking care of her and her needs. I come by to see her a few times each week, and are greeted with open arms and warm hearts. The people that I have talked to that have or had kinfolks and love ones in HCUTH always have been very pleased with the way it has and is run. Making my mother president of the resident council has given her something to do and a reason to get up and go. With what I have seen and heard I think a new "Home" with more rooms and newer equipment would be a good investment in the community. The way that the Home is run will always be a big

part of how it will always be, full and
probably with people waiting. In conclusion I
hope that all of you keep me a spot open
for when I need it.

Philip Crews

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: December 31, 2016

APPLICANT: Humphreys County Nursing Home
670 Highway 13 South
Waverly, Tennessee 37185

CONTACT PERSON: Sam Sullivan, Administrator
670 Highway 13 South
Waverly, Tennessee 37185

COST: \$14,875,239

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Humphrey's County Nursing Home, currently located at 670 Highway 13 South, Waverley Tennessee seeks Certificate of Need (CON) approval to relocate on the east side of Fort Hill Road approximately 500 yards north of Hillwood Drive, Waverly, Tennessee, a distance of approximately 2 miles North of the current location. The applicant seeks to relocate, replace, and add 25 beds from the Nursing Home Bed pool, increasing the size of the nursing home to 91 beds. The applicant's current building has physical limits due to the aging 50 year old building; rooms are too small, no private bathrooms, no space for therapy services, activity space, office space, and dining space. The new building will improve resident environment and amenities that embrace a modified Greenhouse concept. The new site contains 15.4 acres, up from the 5.4 acres at the current location. An address has not been assigned due to rezoning and additional site work to be done. The facility will be dually certified for Medicare and Medicaid participation.

The applicant will build a single floor, 59,000 square foot facility at a cost of \$10,620,000 or \$180 per square foot.

Humphreys County Nursing Home is owned by Humphreys County and directed by an appointed Board approved by the County Commission. The Board operates the nursing home with a management contract with Key Management Associates, LLC.

The total estimated project cost is \$14,874,399 and will be funded through HUD and any supplemental funds by a bank loan and or Meriwether Lewis Electric Cooperative.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area is Humphreys County. The 2016 population of Humphreys County is 18,987, increasing to 19,090 in 2018, an increase of 0.5%. The 2016 65 and older population is 3,879, increasing to 4,103 in 2018, an increase of 5.8%.

The current Humphreys County Nursing Home occupies 14,250 square feet with a detached storage building of 1,750 square feet. The facility was constructed in 1966 and small resident rooms that does not allow for resident's personal items, no activity spaces, or therapy spaces, and lacks space for administrated offices and storage space. There are only two private rooms available and none of the bedrooms have private showers. The emergency generator and wiring of the facility limit the amount of power available to support then needs of the residents in a power shortage. The sewer system frequently has stoppage problems and needs extensive repairs. There are not enough parking spaces for visitors and the entrance street is shared with a mobile home park. Any type of renovation is cost prohibitive due to the age of the facility and the cost of bringing the building up to current code standards.

The applicant reports there are many days where the facility is unable to admit patients due to no available beds. The facility turned away 88 patients for admission. Currently they report having 16 patients on a waiting list. Assuming the average length of stay for the 88 residents was 117 days, the residents would have generated 10,296 days or an average census of 28.2.

There are two nursing homes in Humphreys County.

2014 Humphreys County Nursing Home Utilization

County	Nursing Home	Licensed. Beds	Total Days of Care	Licensed Occupancy
Humphreys	Humphreys County Nursing Home	66	23,700	98.4%
Humphreys	Waverly Health Care and Rehabilitation Center	100	24,057	65.9%

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

Three Rivers Hospital, a 25-bed Critical Access Hospital, is able to use acute care beds as swing beds and reported having 1,391 skilled patient days on 120 admissions in the 2014 Joint Annual Report of Hospitals.

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need to be 181 in 2018 based on the projected population. Subtracting the existing beds leaves a need for 16 beds.

The new facility will be comprised of 71 private rooms and 10 semi-private rooms for a total of 91 beds, including the 25 bed additional beds. Single bed rooms are 275 square feet and semi-private rooms are 375 square feet in size.

Currently the facility does not meet nursing home and skilled care standards but is grandfathered to operate in its present location. The new facility will offer the following improvements with designated care centers to include:

- Drop off/entry/exit and public space;
- Accessible separate public toilets;
- Private rooms sized to meet life safety standards, proper toilet/shower designs, and inpatient amenities including personal storage, living facilities and outdoor natural lighting; as well as nurse call and patient care accommodations;
- Proper storage for staff and patients;
- Adequate public, patient and family dining, plus food preparation and service access for support.

- Bed distribution and accommodations include four 15-bed and one 16-bed units and one 15-bed memory care unit.

The applicant projects occupancy in year one of 92.3% and year two occupancy of 97.8%.

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicaid and Medicare programs. The applicant contracts with TennCare MCOs AmeriGroup, United Healthcare Community Plan, and BlueCare.

The applicant's projected Medicare gross operating revenue in year one \$2,506,292 or 32.97% of total gross revenues and TennCare revenues are projected to be \$3,325,386 or 43.61% of total gross operating revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located in Supplemental 2. The total project cost is \$14,875,239.

Historical Data Chart: The Historical Data Chart is located in Supplemental 2. The applicant reported 23,499, 23,708, and 23,790 patient days in 2013, 2014, and 2015 with net operating revenues of (\$301,330) \$90,961 and \$363,399 each year, respectively.

Projected Data Chart: The Projected Data Chart is located in Supplemental 2. The applicant projects 30,660 and 32,485 patient days in years one and two with net operating revenues of \$673,076 and \$659,093 each year, respectively.

The applicant provided the average charges, deductions, net charge, and net operating income below.

	Year One	Year Two
Average Gross Charge	\$247.93	\$258.10
Average Deduction	\$30.36	\$25.90
Average Net Charge	\$278.29	\$284.00

Proposed Medicaid and Medicare Charges

Medicare	\$505
TennCare/Medicaid	\$215
TennCare/Medicaid (ICF)	\$208
Medically Indigent	\$0

The applicant compared Daily Charge Comparisons with other providers on page 29 of the application.

Due to the limited acreage of the current location, renovation of the current facility makes it impossible to add any private rooms, therapy, activities, dining or administrative spaces. Repair of the sewer system is imbedded in concrete and needs replacing. In addition, renovating would require the facility to move the current residents to other facilities to complete the repairs.

The applicant considered adding two 16-bed cottages to the current site but there was not enough acreage to accommodate them. The only alternative was to build a new facility of higher quality.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

Humphreys County Nursing Home has transfer agreements with Three Rivers Hospital and hospice agencies covering Humphreys County, and participates in service area TennCare MCOs. Contracts are in place with local emergency services and laboratory services.

The applicant is seeking to replace a 50 year old facility with a new, state-of-the-art facility. The impact on the health care system will only be positive. There will be no duplication of services as there are currently two nursing home facilities in the county. The new facility will contain more private rooms and increase accessibility for area residents.

The applicant's current and projected staffing is provided below.

Position	Current FTE	Year One FTE
Direct Nursing Care	51.5	62.5
Other Clinical	2.0	2
Sub-Total Clinical	53.6	64.5
Non-Clinical	25.2	37.0
Total	79	95.5
Direct Patient Care Staffing Ratio	4.5 hrs/PPD	4.24 hrs/PPD

Humphreys County Nursing Home is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The applicant was surveyed on 11/4/2014 and found to be not in substantial compliance with Medicaid and Medicare requirement. On 11/18/2014, the applicant was resurveyed and their plan of correction accepted.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

The applicant's service area is Humphreys County. The 2016 population of Humphreys County is 18,987, increasing to 19,090 in 2018, an increase of 0.5%. The 2016 65 and older population is 3,879, increasing to 4,103 in 2018, an increase of 5.8%.

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need to be 181 in 2018 based on the projected population. Subtracting the existing beds leaves a need for 16 beds.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

2014 Humphreys County Nursing Home Utilization

<i>County</i>	<i>Nursing Home</i>	<i>Licensed Beds</i>	<i>Total Days of Care</i>	<i>Licensed Occupancy</i>
<i>Humphreys</i>	<i>Humphreys County Nursing Home</i>	<i>66</i>	<i>23,700</i>	<i>98.4%</i>
<i>Humphreys</i>	<i>Waverly Health Care and Rehabilitation Center</i>	<i>100</i>	<i>24,057</i>	<i>65.9%</i>

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

The applicant's service area is Humphreys County.

2. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:
 - a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
 - b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

Waverly Health Care and Rehabilitation Center occupancy was only 65.9% in 2014.

Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant projects they will exceed 90% occupancy in year two.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

Waverly Health Care and Rehabilitation Center occupancy was only 65.9% in 2014, while the applicant's occupancy was 98.4%.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

The applicant's reports a 98.7% occupancy rate in 2015 and 98.4% in 2014.

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

The facility will contain 91 beds.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.
2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The facility was constructed in 1966 and small resident rooms that does not allow for resident's personal items, no activity spaces, or therapy spaces, and lacks space for administrated offices and storage space. There are only two private rooms available and none of the bedrooms have private showers. The emergency generator and wiring of the facility limit the amount of power available to support then needs of the residents in a power shortage. The sewer system frequently has stoppage problems and needs extensive repairs. There are not enough parking spaces for visitors and the entrance street is shared with a mobile home park. Any type of renovation is cost prohibitive due to the age of the facility and the cost of bringing the building up to current code standards.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need to be 181 in 2018 based on the projected population. Subtracting the existing beds leaves a need for 16 beds.

For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

Not applicable.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable.